

THE Nation's Business

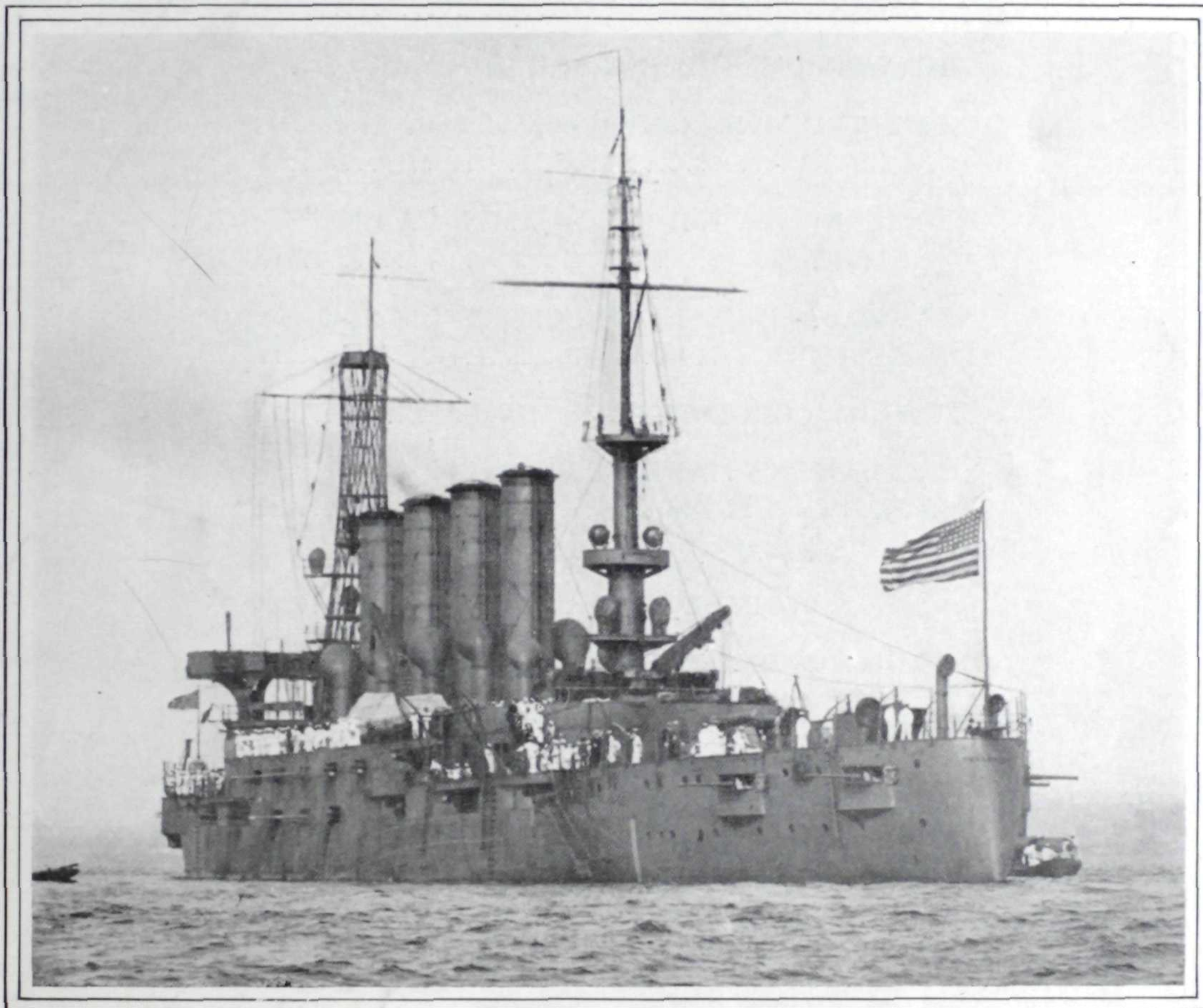
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THE TENNESSEE ON HER PEACEFUL ERRAND OF COMMERCE AND FRIENDSHIP TO SOUTH AMERICA

The World's Shipping and the War
Why Not Government Aid for Foreign Trade?

TEN CENTS A COPY

ONE DOLLAR A YEAR

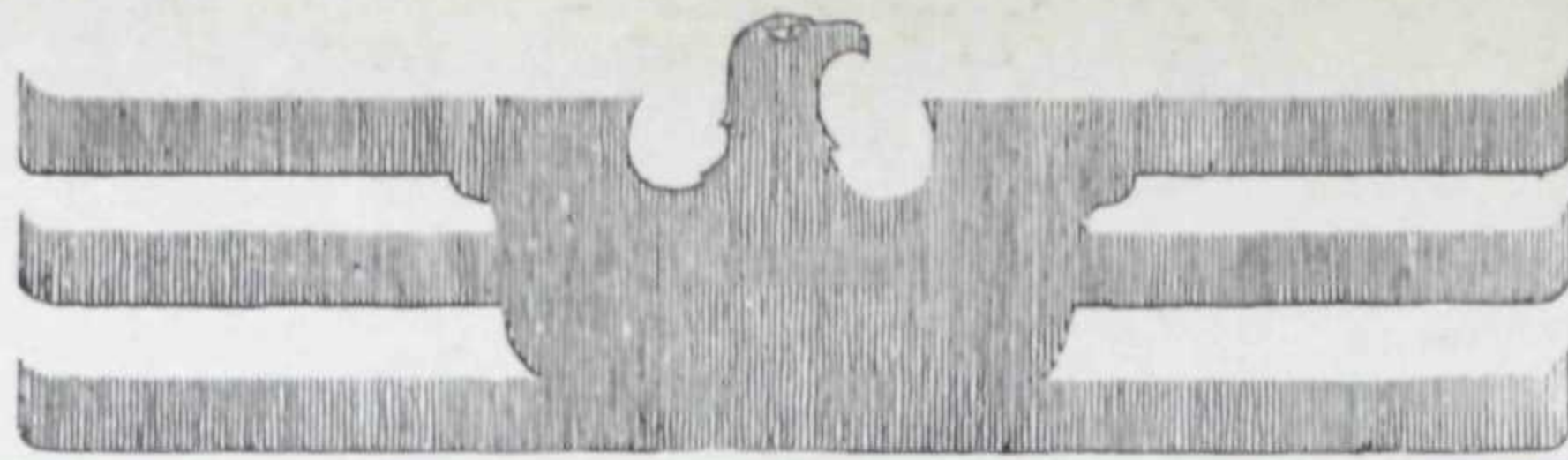


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THE NATION'S BUSINESS



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THE NATION'S BUSINESS is the official monthly publication of the Chamber of Commerce of the United States of America and, as such, carries authoritative notices and articles in regard to the activities of the Chamber, its Board of Directors and Committees. In all other respects it is a magazine for business men and the Chamber is not responsible for the contents of the articles or for the opinions to which expression is given.

MARCH, 1916

Commerce in the Month's News

A Warning from Europe

IN the course of the debates in the British Parliament on what Great Britain proposes to do to win an economic victory after the present clash of arms is over (from which we quoted in an article in THE NATION'S BUSINESS last month), a Scotch member of the House of Commons gave it as his opinion that the discipline of the military-economic competition during the war in its present phase, will make all Europe all the more effective in production and commerce when the trade war begins. The United States, on the other hand, asserted this British legislator, after its more or less easy war-time gains, will no doubt be in the position of a much over-capitalized enterprise which, through too much prosperity, has lost its original business keenness. Said he further:

In regard to the idea that American competition may be more formidable in the future than German competition, I cannot conceive of America having a set design of economic warfare, that complex scientific system of economic destruction that Germany has wielded for years past. * * * It was not only a question of tariffs. It was a question of utilizing banks, railways, treaties, prohibitions, all matter of mechanisms. In Germany the whole economic armor of the State was used for forcing a way in the competition of the world. There is nothing comparable to that in the case of the United States. * * * I do not see that the mechanism of production in Germany has been to any large extent destroyed. I think the most serious thing we shall have to face is a rapid restoration of German scientific competition, and we should set that against any mere accumulation of wealth during the war, due to profits in the United States.

This, of course, is, after all, a matter of opinion. It emphasizes, however, the necessity for American business men not to let the traditional glamour of our national resources and our vast capital blind us to the fact that a really efficient national business organization, capable of coping with rival nations, is going to be hereafter a *sine qua non* of our success in world trade.

European Women and Our Labor-Saving Machinery

A STUDY of the economic and financial conditions immediately following the great wars of modern history—the Napoleonic wars, the Crimean, our Civil War, the Franco-Prussian, the Boer and the Russo-Japanese wars—in comparison with the vast struggle now raging in Europe has convinced a number of writers and speakers on business subjects that, far from being threatened with acute depression, Europe will be more likely to see, when peace is concluded, a period of commercial activity and prosperity. It is pretty generally agreed that, whatever the economic readjustment, there will be a much increased use and invention of labor-saving machinery all over the war-torn lands of Europe. The substitution of the labor of women and girls for the more muscular toil of men on the older continent, we are

told, will necessitate a great deal of labor-saving machinery. We Americans, by general admission, produce the best of such machines. Will the vastly increased employment of women in Europe have a deep and lasting effect on American business? This is but one of the searching questions put to us as far-sighted business men by the great war.

National Defense Needs Business and Industry

THE economic side of national defense is just beginning to be appreciated. One Congressman has already launched an attack on a so-called "war-trust" which, he claims, has tangible existence. The unprecedented consumption of ammunition by the belligerents brings into further prominence one phase of industry which must work overtime to furnish adequate supplies in a crisis. The fact that some authorities estimate from three to six individuals behind the firing line to keep one man on that line, lends a final weight to the evidence which is accumulating to show, beyond cavil, that commerce and industry have become the handmaids of war and must be the only foundation on which any sound and comprehensive plan of national defense must be built. A million men and a hundred dreadnaughts, without guns and ammunition, are impotent. Instead of an asset, they become a heavy liability. The maintenance of national defense must depend on power to sustain its elements in efficiency. This is a service which can be performed only by business and industry. An understanding of this is only slowly penetrating the public mind. The report of the Chamber's Committee on National Defense, when subjected to referendum vote, will no doubt serve still further to clarify this subject.

The Referendum on the Seamen's Law

THE much-discussed Seamen's Law went into effect, so far as it concerns vessels belonging to foreign nations, on the fourth day of the present month. Just a week later, the voting on the National Chamber's referendum on this law closed. An analysis of the vote, on page 3 this month, shows that the business men represented in the Chamber of Commerce of the United States are in favor of having Congress suspend those sections of the act which have been shown to discriminate against American commerce until the world can come to some agreement regarding such provisions. They are also in favor of the creation of a Federal Shipping Board. Commenting upon the result of the National Chamber's poll of business opinion on this subject, the *Journal of Commerce*, which has often been called "the business man's Bible," observes, "this vote ought to be taken as

absolutely conclusive in regard to the business sentiment of the country in regard to the provisions of the law in question."

As to Fixing Resale Prices

THE much-mooted question as to whether American business needs legislation permitting producers of "identified merchandise" to dictate the price at which such goods shall be resold—the old vexed problem technically known as "the maintenance of resale prices"—will soon be presented to the members of the National Chamber for an expression of their opinion. The report of the Chamber's Committee on Price Maintenance was considered by the Board of Directors at the session preceding the annual meeting and ordered submitted to the membership in referendum. In the meeting at Kansas City this month it was agreed to send out at once the question on this famous historic controversy.

The Prospects for Rural Credits

THE question of the establishment of a rural credit system for the United States has been repeatedly discussed in Congress. The experience of other nations has often been quoted. The subject has now become a more insistent one with our national legislature. Bills have been prepared in both Senate and House, and before the end of April will probably have consideration. These bills propose a federal system for facilitating long-term loans on agricultural lands. The National Chamber's Committee considering this subject, under the chairmanship of Hon. Myron T. Herrick, former Ambassador to France, held a two days' meeting in Washington last month. The Committee studied all phases of the subject, comparing the results of study of the principles of the problem, laying particular emphasis upon conditions in the United States upon which any plan adopted would have to be based.

Freight Congestion and its Remedy

THE Interstate Commerce Commission has been holding hearings in the matter of the congestion of freight on our railroads. Chairman McChord's statement preliminary to these hearings is printed on another page. There is also given some pertinent data concerning the embargoes declared by certain railroads. On March 17, the Commission served notice on all the railroads of the United States to file with it as promptly as possible copies of all rules and regulations governing the distribution of cars, as well as copies of all embargo notices now in force. This was done in pursuance of the Commission's efforts to aid the carriers and relieve the freight congestion at eastern terminals and the shortage of cars in the west.

The Seamen's Law and Foreign Trade

Results of the National Chamber's Referendum Number 12

SOME changes in the much-discussed Seamen's Law will be recommended by the Chamber of Commerce of the United States as a result of the vote cast by its member organizations in the referendum which closed on the 11th day of the present month.

Never before have so many organizations been heard from in a referendum. Three hundred and thirteen commercial bodies in forty-four different states besides organizations in our dependencies and in Europe participated.

The vote on each of the recommendations—as may be seen from the ballot printed on this page—was practically unanimous.

As has been pointed out more than once in these pages (see in particular an article last month), the Seamen's Law covers such a variety of subjects and purposes that it can scarcely be considered properly as one piece of legislation.

Composite Character of Law

The National Chamber's Committee has not lost sight of this composite character of the law. In its report submitted to referendum, therefore, it differentiates clearly among the purposes of the different sections. In recommending to the membership of the Chamber the suspension of certain provisions, the Committee has not forgotten the economic and social soundness of some of its provisions and the excellent purposes behind others.

The first question put to the membership of the Chamber was whether or not Congress should be asked to suspend at once those three sections of the Act. (Section 3, that having to do with the demand for half their pay at American Ports by seamen on foreign ships; Section 13, the language test and the complement of able seamen; and Section 14, life-saving appliances and the manning of life-boats.)

Discrimination Against American Ships

These are the sections which endanger American interests in foreign commerce by placing important treaties in jeopardy and by placing discriminatory burdens upon American ships which enter international trade routes. The question be-

fore the membership suggested suspension until competing maritime nations agreed to similar restrictions for their vessels.

On this question the vote was 887 in favor and 7 opposed, a large majority

REFERENDUM NO. 12

THE SEAMEN'S ACT

1. The Committee recommends that Congress should be asked to suspend at once Sections 4, 13, and 14 of the Seamen's Act which discriminate against American ports and American ships, and which are restrictive of American Commerce, until such time as by international agreement the requirements of these sections can become applicable to the shipping of all nations.

887 in favor; 7 opposed.

2. The Committee recommends that the sections of the Seamen's Act dealing with deserters should be repealed as to foreign vessels, and that the State Department should seek to have arrest and imprisonment of seamen for desertion abolished by other nations.

856 in favor; 15 opposed.

3. The Committee recommends that Congress should be asked to request the President to withdraw at once the notices the United States has given regarding abrogation of treaties.

877 in favor; 6 opposed.

4. The Committee recommends that a Federal Shipping Board should be created.

818 in favor; 57 opposed.

when it is noted that the number necessary to carry was 589.

Interference with Commercial Treaties

Certain sections of the law deal with deserters. Regarding these sections, as they apply to American ships, the committee suggests no change, asking only that they be kept from going into effect with respect to foreign ships in American ports until arrangements can be made which will not violate the important commercial treaties of the country at a time when the international relations of the world are unsettled. The Committee advises that the State Department endeavor to persuade the other maritime nations to abolish on their vessels, whether in United States ports or elsewhere, the out-of-date practice of arresting and imprisoning seamen for desertion. The Chamber's membership has approved the Committee's recommendations by a vote of 856 to 15.

Congress recognized the interference of the Seamen's Act with treaties, and directed that the President give notices of abrogation of the parts that did not accord with the new law. It developed that notices of this sort had to be sent to no less than sixteen countries.

One of the recommendations of the National Chamber's Committee was that the President be requested to withdraw at once such notices of abrogation. The vote on this question was 877 in favor and 6 opposed.

Federal Shipping Board Favored

Finally, the constructive suggestion of the Chamber's Committee regarding the creation of a federal shipping board, which was approved by a vote of 818 to 57, would combine the staff and duties of the Bureau of Navigation and the Bureau of Steamboat Inspection. The duties of such a board would include immediate revision of existing navigation laws and the proposal of comprehensive amendments for the comfort, safety, and welfare of crews and other matters relating to our merchant marine.

Letters accompanying the ballots bear evidence of the careful study given to the subject by member organizations. In many cases special committees were appointed, in others, in addition to obtaining votes from the board or executive committee, the entire membership was canvassed.

Amendment of Seamen's Act

The bills so far considered in Congress for the amendment of the Seamen's Act deal with points of detail, such as reduction of the number of ring buoys required on small vessels, rather than the matters of principle upon which the members of the Chamber have made clear their position.

The United States Shipping Board contemplated in the Shipping Bill placed before Congress at the end of January would have incidental and discretionary authority "to make diligent investigation" into the navigation laws. Hearings regarding the bill have been in progress since February 10, but no date has yet been announced for its report to the House.

In Congress Assembled



Water Powers—Transportation—Bills of Lading—Metal Mining

MILITARY preparation and the development of appropriate new revenues have been expected to engage most attention at this session of Congress.

Plans for the army have now been formulated, but have not yet come under debate. Legislation for increased revenues, accompanied by proposals for a tariff commission and for affording means of avoiding destructive competition from abroad in American markets, will probably not be brought forward for a number of weeks. The new shipping bill, too, remains in committee. As there has been no attempt to confine consideration to particular subjects, as in the first session of the last Congress, not only appropriation bills but measures of general importance have been advancing.

The Philippines and water powers on navigable streams have had more attention from the Senate at this session than any other subjects. After having the privileged status of unfinished business since February 7, the bill setting out the conditions under which water powers

may be utilized, on streams where the Federal Government has jurisdiction in connection with the navigation, passed the Senate on March 8. A bill dealing with the other class of water powers over which the Federal Government has control,—where the sites are on public lands in the West,—came before the Senate on March 13, and is under debate as *THE NATION'S BUSINESS* goes to press.

Principle of the Water-Power Bill

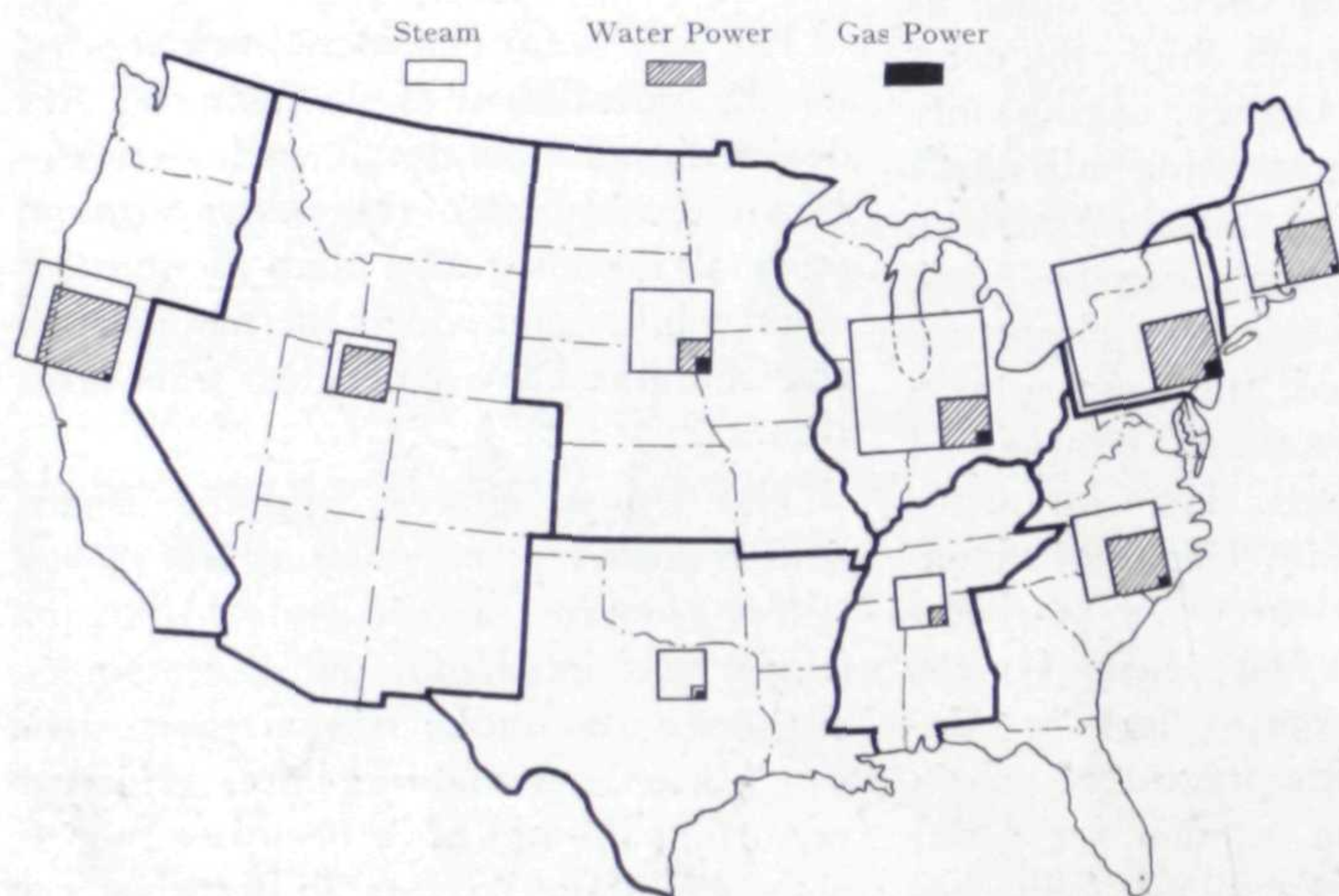
At present, a special act of Congress must be obtained for each dam erected upon a navigable stream, just as a special act is necessary for each bridge over such a stream. The bill which has passed the Senate does away with the necessity of Congress passing upon each application, granting general authority to construct and maintain for fifty years such dams as are in question, upon compliance with certain conditions precedent. Decision whether or not these conditions have been met is left to an administrative officer,—the Secretary of War,—who generally exercises the functions of the

on public lands, which has passed the House, provides that one of the conditions is to be payment of rental for lands of the United States which are used. The Senate bill does not call for such rental. If the United States decides to take over a plant at the end of fifty years, it is to pay, according to the Senate bill, the fair value of all appurtenances valuable or serviceable in the distribution of power. The House bill which has been mentioned provides, in a somewhat analogous situation, that payment be the actual costs of rights of way and lands and the reasonable value of structures.

However the points of controversy may be settled when the House deals with the present Senate bill (and the final form of legislation is determined in a conference between the two Houses), there appears to be agreement that the permits will be revocable only after proceedings in court and that property rights acquired will accordingly be secure.

Metal Mining in the West

The present laws defining the rights of miners upon the public lands, however well adapted to conditions at the time of their enactment forty years ago, have given rise to much litigation and have resulted in recent years in practical difficulties regarding the procedure by which various kinds of valuable deposits can be acquired. Last December representatives of a number of commercial organizations, societies of mining engineers and metallurgists, and government bureaus met in Washington and advocated a revision of all the laws under which mineral deposits on the public lands are acquired and worked. Subsequently, a bill creating a commission to make such a revision passed the Senate. The House Committee on Mining, however, decided



STEAM, WATER AND GAS POWER DEVELOPED IN THE UNITED STATES IN 1916
The area is divided by heavy black lines into sections. Diagrams denote the developed power in the present year. See key above the chart.

Federal Government with respect to navigable waters.

Controversy has centered about these conditions and also the terms upon which the Government in its discretion may take over power developments at the end of the period of fifty years. The bill dealing with water-power sites

against such a commission, and determined itself to attempt the task.

On February 25 the Chairman of this committee introduced a comprehensive bill which he himself has tentatively drafted. In a comprehensive way this bill endeavors to deal with extralateral rights, by which the owner of a mining claim now may follow a vein appearing on his ground to any distance in its diagonal downward course beneath adjoining claims, and which have given rise to many law suits, creates opportunity to explore for mineral deposits that do not appear at the surface, and makes numerous other changes in present law. It is understood that hearings will be held before this bill, or any other of like purpose, is reported from committee.

Railroad Transportation

The proposal made by the Senate, that a joint committee of the two Houses be appointed to investigate and make recommendations concerning the future course of federal legislation in regulation of railroads, has now been approved by committee in the House, and will probably be adopted by the House itself. Regarding such an investigation, the President said to Congress December 7:

I suggest that it would be wise to provide for a commission of inquiry to ascertain, by a thorough canvass of the whole question, whether our laws as at present framed and administered are as serviceable as they might be in the solution of the transportation problem.

Railroad Securities

In recommending the inquiry the House committee brought forward several proposals for legislation without awaiting the results of investigation. One bill enlarges the Interstate Commerce Commission from seven to nine, and enables it to divide its work among the members; another gives the Interstate Commerce Commission authority to examine all correspondence kept by railroads; and the third undertakes regulation of railroad securities.

Governmental supervision of the securities issued by railroads has been before Congress since 1910, when the President was authorized to appoint the Railroad Securities Commission,—a body which, in the autumn of 1911, unanimously recommended that federal legislation should do no more than assure publicity for the actual facts regarding stock and bond issues, believing that, if it went further and stipulated for express authorization of each issue by a government agency, there would be a moral, if

not a legal, obligation to recognize the securities in regulating rates.

The Rayburn Bill

Discussing this subject before Congress in January, 1914, the President expressed an opinion that the country was ready for a law adopting the principle which the Securities Commission had opposed. In fact, a bill drawn for this purpose passed the House as a companion measure with the Trade Commission bill and the Clayton bill, being abandoned in the Senate, however, with an understanding it would be revived at another session.

After somewhat extended hearings, this bill has now been reported to the House in the form in which it passed that body in June, 1914. In other words, it attempts to provide for publicity regarding separate issues,—the principle recommended by the Securities Commission,—and also for approval by the Interstate Commerce Commission as a condition precedent for each issue. Such a measure has been repeatedly advocated by the Commerce Commission.

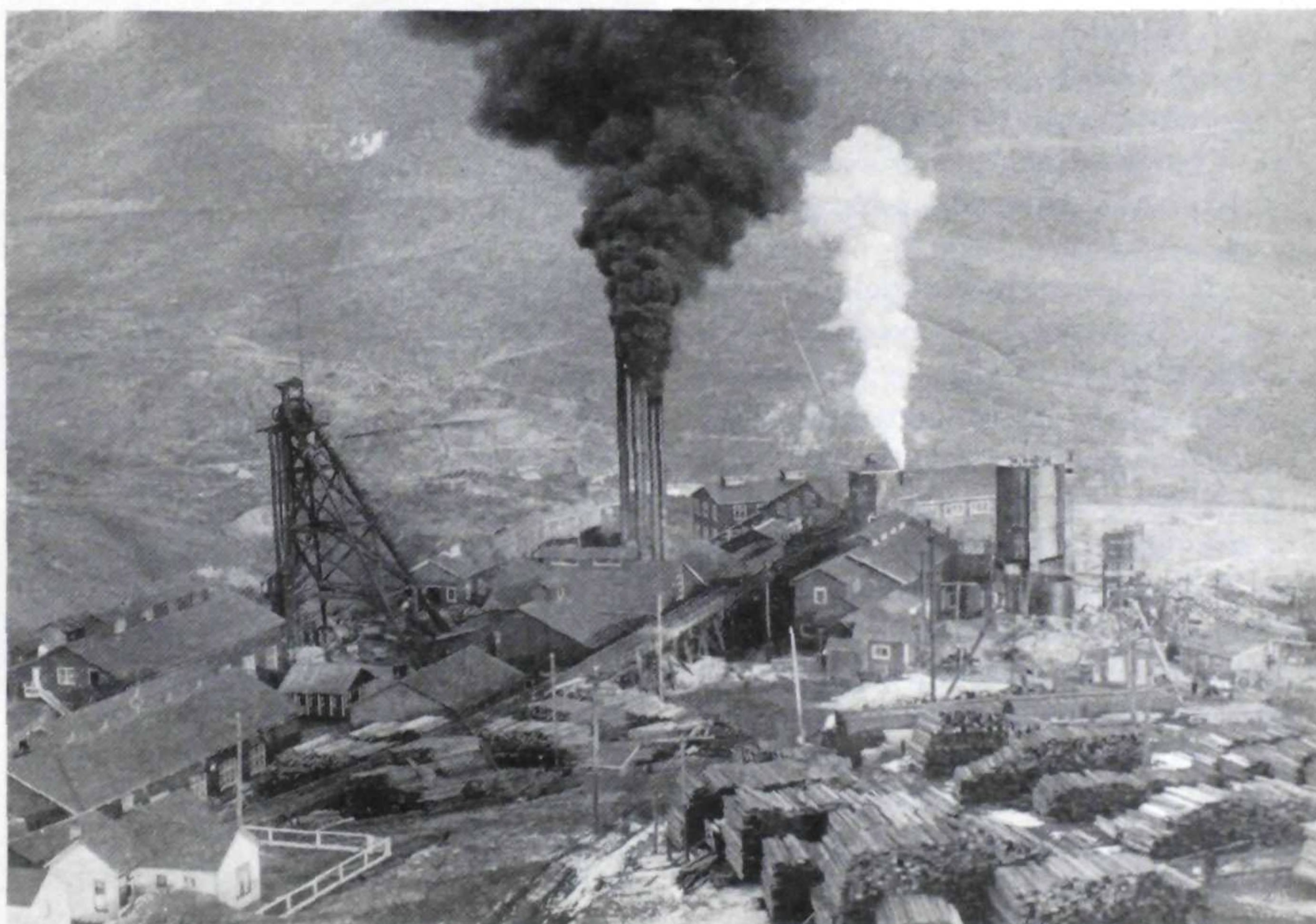
Bills of Lading

Bills which are advancing deal not only with regulation of railways but in an important way affect the law regarding the bills of lading upon which both foreign and interstate shipments are made. A bill which has passed the Senate in several earlier Congresses passed once more on March 9. Its purpose is to make a bill of lading more safe and useful in the financing of shipments by imposing

liability on a common carrier which issues a bill of lading without receiving corresponding goods or which fails to take up the bill of lading when it delivers the merchandise, by providing that alterations release liability and by dealing as a matter of federal law with forgery. The bill is urged as a means of increased uniformity in the commercial law of the country, as a similar bill has become law in ten of the leading commercial states.

Military Use of Industries

The plan reported to the House on March 6 by its Committee on Military Affairs for increasing the military resources of the country adopts a recommendation of the Army War College, for the utilization of commercial and industrial resources. At any time war is imminent, according to the bill, the President, through the head of any government department, can place an order with any person or corporation for an article which can be produced, and require that this order is to be given preference over all others. Compensation for products furnished on orders is to be fair and just, although no method for determining prices corresponding to these standards is indicated. Failure to comply with an order is made a felony, punishable by as much as three years' imprisonment and a fine of \$50,000. To co-ordinate orders of the kind in question, a Board on Mobilization of Industries Essential for Military Preparedness may be appointed by the President whenever war is imminent.



TYPICAL WESTERN MINE IN FULL DEVELOPMENT—BUTTE AND SUPERIOR COPPER MINE, MONTANA



A GREAT AMERICAN SHIPYARD, THE WATERFRONT OF THE PLANT AT NEWPORT NEWS, VA.

The World's Shipping and the War

How the Peaceful Carrying Trade Has Suffered

PIVATEERING and the destruction of commerce are traditional, and the international law of the sea is founded on the code laid down in the days when letters of marque were freely issued to enterprising civilians ambitious to adventure against enemy shipping.

The present war, on the contrary, has seen the destruction of merchant shipping confined exclusively,—with the possible exception of the work of the unknown *Moewe*,—to the organized operations of commissioned ships of war. Yet no war has seen any destruction of vessels, either in number or tonnage, which even faintly appears to approach what has already been accomplished in eighteen months, and the war not yet done.

Unprecedented Conditions

Nor has any war witnessed such extraordinary conditions; for they are unique. In 1915, *Lloyd's* reports say the world's tonnage of vessels of 100 tons and over aggregated 49,000,000 tons. Of this total, 4,700,000 tons were German and 1,000,000 tons Austro-Hungarian. To-day there are no German or Austro-Hungarian ships in commercial operation overseas. Practically 6,000,000 tons—approximately one-eighth of the world's shipping—has been eliminated from the sea. Added to this, the German and Austro-Hungarian submarines claim to have accounted for British and French ships aggregating 1,500,000 tons, and sent them to the bottom of the ocean. The commerce of the world has thus been deprived in total, almost at one blow, of something more than one-seventh of the number of its seagoing carriers.

No such conditions have ever been approximated in any former conflict between maritime nations. It took only about four months for the British and

French to eliminate German raiders from existence and clear the seas for the uninterrupted passage of their own merchantmen. Three months later the German submarine campaign began. In a little over a year it has accounted for

very seriously impaired and stunted the growth of this carrying capacity at a time when its increase was of vital national importance.

With this much said, the value of the submarine warfare against shipping is stated at its full commercial price. The net result remains of unique interest, and the shipping of the world visualizes, in the rock-strewn depths of the Atlantic and Pacific, more shattered hulks than ever were added in so short a time to the embrace of Neptune. After eighteen months of warfare, the merchant shipping of the world has been impoverished more than it ever was in any similar period of war in history.

The result is recorded in the recent tables of shipping freight rates.

Homewards	Freight Increase for 1916 over 1914
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Bombay to United Kingdom . . .	594%
Argentine to United Kingdom and United States	1011%
Atlantic ports of United States to United Kingdom (cotton)	796%
Atlantic ports of United States to United Kingdom (grain)	803%

No such rise in shipping rates could occur except as the result of the operation of the law of supply and demand. At a time when the demand for shipping has been specially intensified the supply has been stunted in growth. For, not only have submarines offset the new-built shipping of the Allies, but warship construction has further curtailed its capacities.

Shipping Losses of the Allies

Up to March 1, 1916, the British and French through battle, mines, and submarine warfare, had lost a total of more than 25 capital ships of war. Their energies have been concentrated to exceed these losses by new building and, if



something more than the new merchant shipping which has been built by Great Britain in the interval.

Influence of the Submarine

The significance of the submarine campaign will be lost, however, if no consideration is given to the necessary growth of shipping. The submarine campaign has prevented normal growth. It has not been seriously destructive in the sense that it has reduced to a marked degree the carrying capacity of its enemy. It has, on the other hand,

common report can be credited, they have been successful. But their success has been attained at a definite expense to their building of merchant ships. This is specially true of Great Britain. The unparalleled shipbuilding capacity of that country has been working at fever pitch and has accomplished incredible things. The British Navy remains supreme and stronger than in 1914. But the British merchant marine and its French, Italian, and neutral supplements is being hard pushed to supply even the vital necessities of the Allies, much less their luxuries.

Freight and the Demand for Bottoms

And so, not only have freight rates risen to an unprecedented height, but complementally, the demand for bottoms has been unsurpassed. The sale of an old collier by the United States for something approaching its original price, when ordinarily one-fourth that amount would have been considered fortunate, is only a faint indication of the existing pressure.

The rise in freight rates also has caused an inevitable rise in price to the consumer. It is going on all the time. Wheat, which only last October cost 43s. 5d. in England now costs 56s. 7d., in spite of the fact that the world's supply of this commodity is abundant. The British Government has, consequently, had recourse to a tax of 50% of the profits of all steamship companies earned in excess of a certain scale of profit, established before the war. The demand for ships is so great that Scandinavian owners have



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THE FAMOUS GERMAN YARD AT HAMBURG—HOISTING THE SMOKESTACKS OF THE GIANT LINER "VATERLAND"

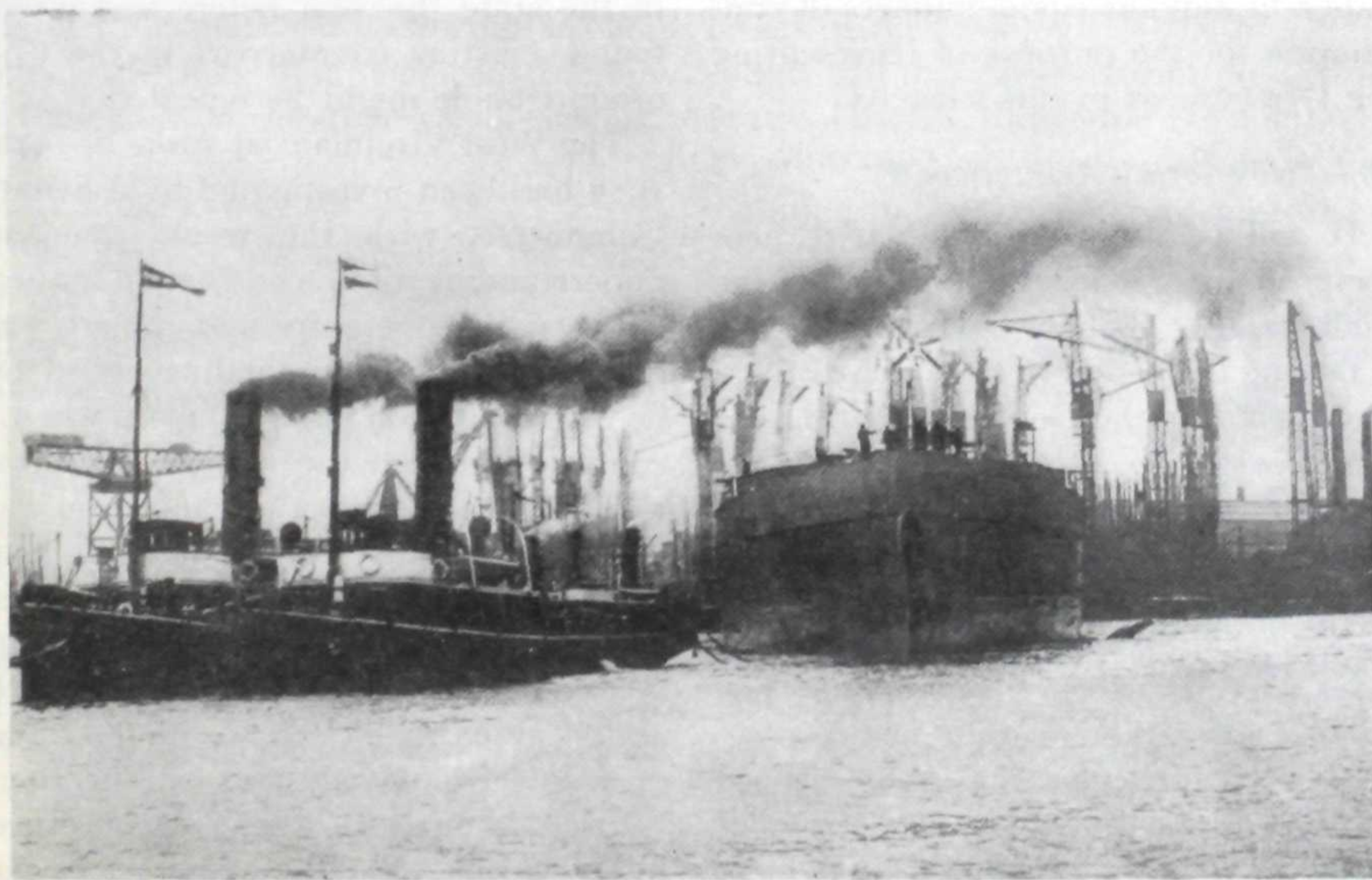
even placed orders not only for the building of ships in American yards on Lake Michigan, but also with yards in China.

The Value of National Economy

The Germans have taught the world the lesson of organization and system.

appear inadequate. A proclamation has been issued, or is about to be issued, prohibiting the importation of canned, bottled and preserved fruit of non-British origin, exception being made only for fruit actually en route for the United Kingdom on March 13 or paid for on that date.

Similar provisions have already been made effective with regard to paper pulp and paper manufacturing materials and also in regard to hardwoods. In other words, a movement is on foot to confine the carrying of merchandise to the United Kingdom exclusively to commodities which are recognized as essential to the national welfare. Already the entire British merchant marine of some 19,000,000 tons of seagoing shipping is operating under the direction of the government. Neutral shipping is being added to this control by orders and regulations such as that just described. Economy in a real sense is being enforced and a definite effort is being launched to get down to rock bottom, do away with all superfluities and confine operations of all kinds and description to those of actual physical necessity.



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ONE OF THE LARGEST OF THE BRITISH YARDS, ON THE CLYDEBANK

(Concluded on Page 21)

Some Triumphs of Diplomacy in Industry

*How the Department of Labor Aids in Industrial Peace**

THE creation of a department of the Federal Government through which could be made known the condition and needs of the wage-earners throughout the United States was agitated as far back as 1865. The efforts thus put forth resulted on the 4th of March, 1913, in the creation of the Department of Labor.

The administration of several important laws which had heretofore been committed to the jurisdiction of the Department of Commerce and Labor was transferred to this new Department. By far the most important of the distinctly new functions conferred upon its head, however, was that which authorized him to act as a mediator and to appoint commissioners of conciliation whenever, in his judgment, the interests of industrial peace should require it.

Capital and Labor Partners in Production

Founded upon the principle that capital and labor are partners in production, and that only through a recognition of their mutual rights to an equitable distribution of the products of their joint application can there be attained that lasting peace which is based upon industrial justice, the efficacy of this statute has been amply demonstrated in the service which it has thus far rendered to capital and labor alike, and, to the general public as well.

This work has been conducted in each instance with a view to finding a common basis of agreement from which could be deduced a mutually satisfactory adjustment of the controversy.

Realizing at the outset that in no other way could the desired results be attained, the Department early laid down the principles that it sought in no way to impose its viewpoint upon the parties to the dispute and that mediation does not mean arbitration.

Function One of Negotiation Only

Nor is it in any sense a judicial function. The function is one of negotiation. Neither the head of the Department, nor the commissioners of conciliation whom he appoints are arbitrators. Though they may propose arbitration when circumstances seem to call for it, they do not themselves act as arbitrators. In reality

their duties are confined to the effort to bring employer and employe together so that they may work out their differences between themselves peaceably and amicably, as business men with legitimate differences to adjust. If this medium



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HON. WM. B. WILSON, SECRETARY OF LABOR
Under whose direction the conciliators of labor and industry work

proves futile, resort is had to mediation.

The law authorizes the Secretary of Labor to appoint commissioners of conciliation for the purpose of representing the Department in this capacity.

Some Noteworthy Achievements

It will be useful to summarize here some of the more important of the achievements of these conciliators.

During the period from March 4, 1913, on which date the Department of Labor was created, to February 29, 1916, its good offices were invoked in 143 trade disputes. In 90 of these instances it was directly responsible for the reaching of an amicable understanding. In only 22 cases were its efforts unsuccessful. The balance are either pending or are cases in which a settlement has been reached through some other or independent medium, after they had been brought to the attention of the Department.

The disturbances ranged in magnitude from a controversy affecting directly some 8 and indirectly some 300 telegraphers, to the great Colorado, West Virginia and Ohio mine strikes, as well as that of the longshoremen on the Pacific coast involving from 10,000 to 20,000 workmen. They affected many and varied industries and extended from Massachusetts to California.

It is hardly possible to overstate the serious consequences which might have ensued had these struggles been permitted to proceed to the point where one of the contestants was forced to surrender. It is certain, however, that through the mediatorial influences which the Department of Labor was enabled to bring to bear, millions of dollars in property interests have been conserved, and untold suffering and misery on the part of the workmen averted.

A typical illustration of the results that are possible when the parties to a strike are guided by that enlightened spirit of self-interest which prefers friendly mediation to embittered strife is presented in the case of the Kanawha coal strike, which began in April, 1914, and was of two months' duration when the intervention of the Department was requested by the operators. These pointed out that 12,000 to 15,000 men had been ordered out and that, if prompt action were not taken by the Federal Government, the conditions which had existed in the state the year before and which found a fitting counterpart in the Colorado trouble might be repeated.

The West Virginia coal strike of 1912-1913 had been investigated by a Senate Committee, with the result that an understanding of a contractual nature between the operators and miners was reached. This understanding ended by its own limitation in April, 1914, when a contract between the miners' organization and the operators' organization was made for the next two years. The provisions of this agreement, however, like the disorder which had preceded it, related only to the region of Paint Creek and Cabin Creek. The miners and operators whose field was on the river below this territory were not concerned in this strike. Yet the operators of the Kanawha region felt that this renewed

*An interview with Hon. William B. Wilson, Secretary of Labor, who has revised the MS.

agreement gave their competitors in the Paint Creek and Cabin Creek fields an advantage. Therefore, they announced they would not renew an expiring contract with their own employes unless the latter would recede from certain demands, one of them being a demand for periodical "check-off" payments by the operators to the miners' organization out of the wages of organized employes as dues and assessments. A strike ensued.

Upon behalf of the Federal Government, three commissioners of conciliation—one a coal operator, the other a coal miner, and the third an official of the Department of Labor—were appointed on June 5, 1914. Negotiations were immediately entered into and hearings, at which representatives of both parties to the controversy appeared, were held in Washington. The result was that, by June 19, recommendations which had been presented by the three commissioners of conciliation had been adopted by the operators' organization and the district executive board of the miners. Shortly afterwards the local organizations of the miners confirmed acceptance of their recommendations and the striking miners returned to work.

Thus was peace restored in West Virginia. It is true an echo of the struggle was heard during June of last year in the request of the miners' organization for the interpretation of a clause in the agreement, which, it was contended, gave a representative of the men the right to enter the mines at any time when in his judgment occasion should require. Nevertheless, the prompt dispatch of one of the commissioners who had previously handled this matter was effectual in convincing the men that their construction of the clause in question was erroneous.

Acts Only Upon Request

Though the law authorizes the head of the Department to tender its good offices whenever in his judgment the interests of industrial peace may require it to be done, the policy has been consistently adhered to of assuming jurisdiction only upon request of one of the interested parties or the general public.

In perhaps but a single instance has there been manifest on the part of either of the disputants a pronounced aversion to the acceptance of the Department as a mediating influence. In this case exception was taken to what was termed an effort on the part of the commissioner to induce the employers to accede to the demands for a "closed shop." The record

in this case completely refutes the charge, for, as a matter of fact the commissioner advised the strikers to accept the "open shop." In doing so, however, he no more committed the Department to the theory of the "open shop" in general than he would have committed it to that of the "closed shop" in all instances, had the circumstances seemed to justify the wisdom of urging the latter proposition. The great moving force by which the Department is actuated in all instances is to evolve a means by which both employer and employe may reach a peaceful and permanent agreement.



COMMISSIONERS OF CONCILIATION

Above: Seth Low and R. B. Mahany
Below: Charles W. Mills, Patrick Gilday and A. L. Faulkner
Photos of Low and Mahany © Harris & Ewing

Take another case. The controversy involving the tugboatmen of the Great Lakes, which arose in April, 1914, and which, had it not been brought to a successful conclusion, might have resulted in tying up the commerce in practically every port on the Great Lakes, is an example.

Suit had been instituted in the United States District Court for the Southern District of New York to recover for violation of a Federal statute which penalizes the navigation of vessels of a class including the tugs of the Great Lakes, unless they are manned by crews licensed by the Steamboat Inspection Service in the Department of Commerce. Construction of that portion of the statute which required double crews except for boats navigating only 13 hours out of the 24 was the point upon which the decision turned. The court overruled the contention of the owners that time spent in awaiting orders or taking on supplies should be deducted in computing the hours of navigation, upon the theory that the purpose of the statute was to insure safety, and the Steamboat Inspection Service held that

a double crew should be provided on all vessels absent from their ports for a period in excess of 13 hours.

What One Decision Involved

One effect of this decision was the nullification of a contract between the owners and the men that had been entered into in February, 1914. It therefore became necessary to modify this agreement. The men objected to double crews for the reason that this plan was deemed prejudicial to health and safety, in that it would require one crew to sleep aboard the tug while the other was operating it, a system which would materially enhance the danger of their calling, to say nothing of the additional discomforts which it would entail. The owners on the other hand considered that they had the alternative of risking loss of business during half of each day or insisting upon double crews. Under the law both were subject to severe penalties for more than 12 hours' work per day with single crews, and in the case of the men it involved the loss of their licenses. There was, therefore, a deadlock between the two sides, and when the assistance of this Department was sought the situation had developed into a lockout of the men. Serious difficulties attended the commissioner's efforts at conciliation at first, but gradually these obstructions were overcome with the result that within 15 days after his appointment an amicable adjustment was reached.

The contract of settlement provided that single crews should remain on duty under such arrangements as to make the tugs available for service the full length of time permitted by the tug certificate, and that the tugmen's association should furnish as requested by the owners a sufficient number of men to operate the boats 24 hours a day continuously. Both sides were thus enabled to comply with the requirements of the law and the regulations of the Steamboat Inspection Service.

These are not the only big instances in which this noiseless and powerful machinery of the Government has unobtrusively but effectively averted a serious calamity. The official records bear eloquent testimony to its work along these lines, and only the other day a letter was received acknowledging the indebtedness of those in charge of one of the biggest undertakings of the year to the Department for its success in warding off impending trouble which might have led to a failure of this complete project.

Conferring With South America on Business

The Visit of the International High Commission to Buenos Aires

THE departure of the members of the United States section of the International High Commission for Buenos Aires, on March 8, was the most noteworthy event in the development of Pan American relations as well as in the extension of American foreign trade in general.

The International High Commission, it will be remembered, grew out of the Pan American Financial Conference held in Washington in May last, at the invitation of the Secretary of the Treasury for the purpose of establishing stronger and closer financial and commercial relations between the American republics. A special committee was appointed by this conference to arrange for this meeting in the Argentine capital.

Purposes of the Meeting at Buenos Aires

Besides the general discussion of American relations, the meeting at Buenos Aires will deliberate upon and agree as far as possible in the matter of uniformity of laws relating to bills of exchange, commercial paper and bills of lading, between the American republics, the uniform classification of merchandise, customs regulations, consular certificates and invoices, trade charges, uniform regulations for commercial travelers and similar business subjects. As far as may be possible, it is the purpose of the Commission to carry on, through an effective organization, active work for the adoption by all the countries represented in the conference of such uniform laws as may be agreed upon.

At the Financial Conference last year, the Central and South American representatives drew up and presented certain

memoranda setting forth the questions, which, in their opinion, urgently demanded attention. These topics have been carefully analyzed by the respective sections of the International High Commission, and the United States Commissioners sailed with much appropriate

tween the American republics, and the means of securing them; improved banking facilities; extension of credits; financing of enterprises, public and private; the stabilizing of international exchange; arbitration of commercial disputes; negotiable instruments, bills of lading, warehouse receipts; uniformity of customs regulations and classification of merchandise; postage rates, parcel-post and money-order facilities; cable rates; wireless telegraphy; commercial travelers and their samples; patents, trade-marks, and copyrights.

The Commission and the Trip

The commission is composed of nine members for each of the American republics, the Secretary of the Treasury or the Minister of Finance in each country acting as chairman of the respective sections.

The United States section, as appointed last May, includes: Hon. William G. McAdoo, Secretary of the Treasury, Hon. John Bassett Moore, Vice-Chairman, of Columbia University, New York, John H. Fahey, Vice President and former President of the Chamber of Commerce of the United States, Hon. David R. Francis, of St. Louis, now ambassador to Russia, E. H. Gary, of the United States Steel Corporation, A. B. Hepburn, of the Chase National Bank of New York, George M. Reynolds, President of the Continental and Commercial National Bank, Chicago, Henry P. Davison, of J. P. Morgan and Company, Samuel Untermyer, of New York, and Dr. Leo S. Rowe, of the University of Pennsylvania.

(Concluded on Page 21)



THE ITINERARY OF THE TRIP

data prepared by students and technical experts.

The United States section has suggested to the Argentine Government that the following topics be incorporated in any such program as the Buenos Aires meeting may follow out: The necessity of better transportation facilities be-



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THE AMERICAN SECTION OF THE INTERNATIONAL HIGH COMMISSION ON ITS WAY TO BUENOS AIRES ON THE WARSHIP "TENNESSEE" WHICH LEFT HAMPTON ROADS MARCH 8

Left to right: W. G. McAdoo, Jr., T. A. Gray, S. J. Katzberg, C. M. Branch, Dr. G. A. Sherwell, and J. B. B. Parker, members of the staff; John H. Fahey, former president and now vice-president of the Chamber of Commerce of the United States; Andrew J. Peters, Third Assistant Secretary of the Treasury; Senator Duncan U. Fletcher of Florida; Hon. William Gibbs McAdoo, Secretary of the Treasury; Samuel Untermyer, attorney, of New York City; and Archibald Kains, members of the Commission.

Investigating the Processes of Industry

The Mann Bill Would Broaden the Bureau of Standard's Functions

OF particular interest to manufacturers is a bill which has already passed the House and is now before the Senate. It authorizes the Secretary of Commerce, through the Bureau of Standards, or any other bureau now under the Department of Commerce, to make original investigation and research concerning forms and processes of manufacture and needs and methods for improvement in manufacture. At the present time the Bureau of Standards does not take up the process of manufacture excepting when such have a bearing on the quality of the manufactured product. The bill now under discussion was introduced in the House by Representative Mann of Illinois. It would give the Secretary of Commerce full power to take up and improve the processes of manufacture.

Commerce Officials Approve the Bill

The bill has the approval of the Department of Commerce. Secretary Redfield, in a letter to Representative Adamson, chairman of the Committee on Interstate and Foreign Commerce, says that the measure, if enacted, will open great opportunities for usefulness to his department. Dr. S. W. Stratton, director of the Bureau of Standards, has written to Secretary Redfield that he considers this bill of very great importance to his bureau and the Bureau of Foreign and Domestic Commerce. He said, in discussing the matter further:

The Bureau of Standards is already engaged in several investigations of this sort, and the need for such work is very great, indeed. It will be of inestimable benefit to the industries if properly done. The bill is far reaching in character and has touched upon a matter of most vital importance to our department if we are to develop the relation between it and the industries which, I know, it is your desire to do.

To Meet Competition from Abroad

Representative Mann said, when the bill was introduced, that, if there is anything we are short of in the world of competition for trade, it is scientific work in our own manufacturing institutions. It is highly desirable, therefore, that we should have an enabling act under which we could make from time to time, as the occasion requires, some appropriation for

the purpose of carrying on scientific research work through the Department of Commerce to the end that we might first learn something ourselves for the benefit of all concerned, and, secondly, encourage those who are engaged in manufacturing themselves to study and put into practice scientific methods. Mr. Mann said we have the money, the men, and



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THE MINORITY LEADER IN THE HOUSE
HON. JAMES R. MANN, OF ILLINOIS

Whose bill authorizing the Department of Commerce to investigate the processes of industry was passed by the House last month

the mind, but we do not have scientific knowledge and application with which we can meet, as we ought to, competition from abroad. That, he explained, is the purpose of the bill. He said he did not think if the proposed legislation became a law it was going to revolutionize the world, but he thought it was a step which we ought to take. Mr. Foster, of Illinois, asked if it was intended to take up the improved methods of manufacture that are in existence now, or is it to study up some original matters in reference to manufacture. In reply to his question Mr. Mann said:

Explanation of the Mann Bill

I suppose to a certain extent both. If they learn through original research, as they do occasionally learn now in the Bureau of Standards, that information ought to be given to everyone alike. This bill would require that to be done, and in whatever direction they acquire the in-

formation, which is the result of scientific research work, it would be made public for the benefit of all alike. In other words, great corporations like the Standard Oil Company, the United States Steel Corporation, and many others, employ a very large number of trained scientists in their own work, but the ordinary manufacturing concern, with a small factory, has nothing of that sort. I made an investigation some years ago, by order of the House, of the pulp and paper factories throughout the United States, with other members of the House on the committee. We went from one pulp factory to another and visited a great many. The one thing that most strongly impressed me was the utter lack of scientific methods generally in use in these concerns, and a very little help from the government would have been then, and doubtless would be now, of very great value, where each individual concerned does not, probably cannot afford to, employ proper scientific people in order to learn the proper scientific methods.

Judge Adamson, who participated in the debate on the House floor, said that the bill was confined purely to the question of learning something so as to educate our own people how things are done and the best way to do them. He went on:

It will promote production and today, under existing circumstances, we cannot have too much information. The time is coming more and more rapidly, and even now absolutely demands that we produce not only everything our people are going to need in this country but also produce something to exchange with other countries for things we cannot produce. And I do hope there will be no objection to this most meritorious bill. The committee considered it well at two sessions of Congress, and there cannot be any harm in it as I understand it.

Expected to Assist Manufacturers

According to Department of Commerce officials, if the Mann bill passes—and it was confidently predicted that it would—the proposed legislation if supplemented by proper appropriations will enable the Bureau of Standards to be of great assistance to the manufacturing world. One of its objects, it was said, is to define the functions of the bureau in more popular terms. The bill also broadens and makes more clear these functions. It is believed by those in charge of the bureau that there are many processes which, if they can improve them, will result in a great saving to the public and others. They are of the opinion that the bill now under consideration by the Senate amply covers this subject.

Freight Congestion in the East

By CHAS. C. McCHORD, *Chairman of the Interstate Commerce Commission**

FOR several months and from various sources, including informal complaints, the commission's attention has been directed to the congestion of freight at the eastern terminals of the trunk line railroads, of which the most important are Boston, New York, Philadelphia and Baltimore. It is a matter of common knowledge that the congested conditions grew worse and that the railroads have resorted somewhat freely to the use of embargoes against freight in order to avoid a hopeless blockade.

Limits of the Commission's Jurisdiction

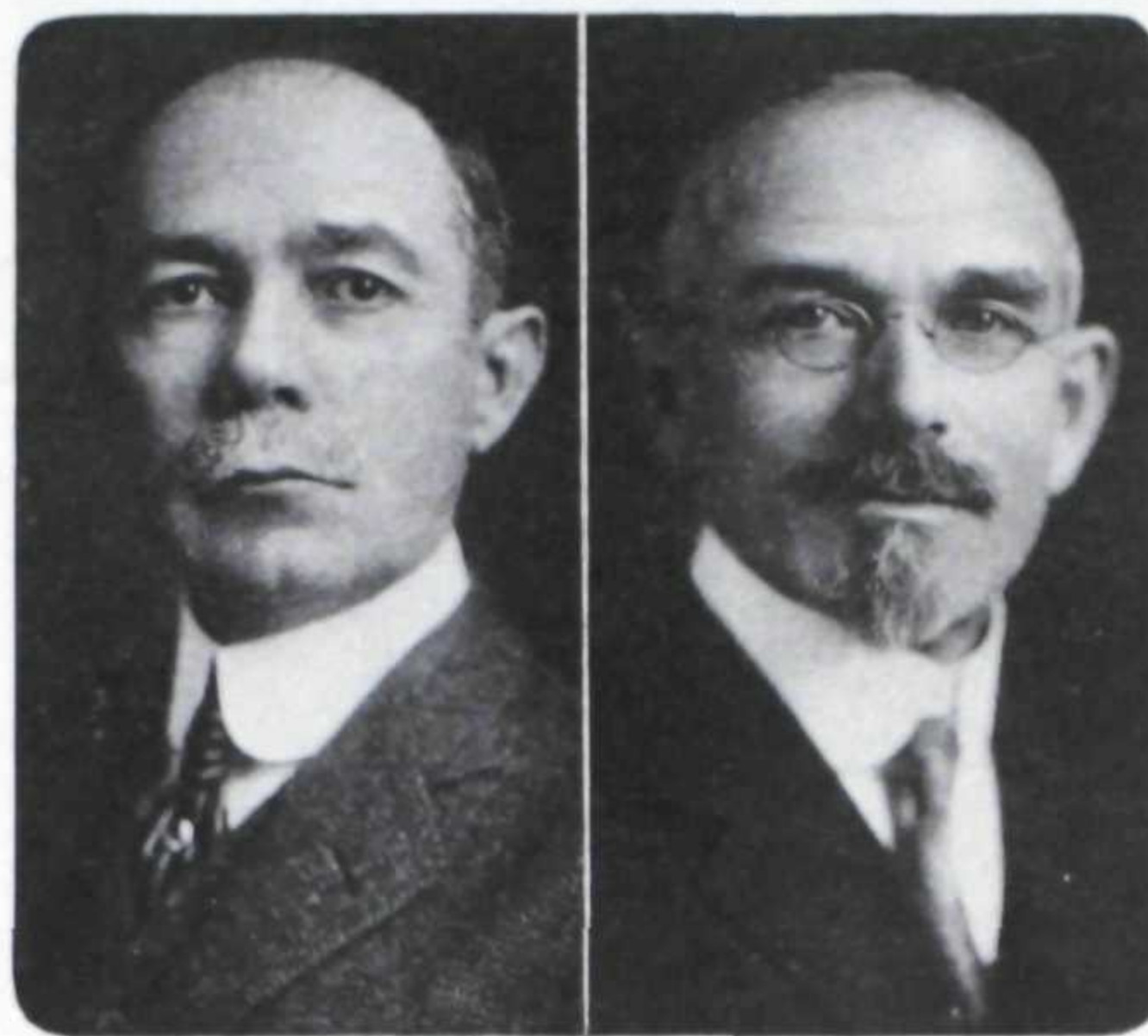
The commission is not vested with any jurisdiction or powers relating to the physical handling of the traffic, operation of the road, or providing terminal facilities. It has, nevertheless, undertaken to keep itself advised as to the situation referred to and had some of its examiners look into the matter on the ground in December. It followed this up by further similar inquiry in January, at which time it appeared that some progress had been made in more expeditious handling of freight, but still the condition was extremely bad. The existing terminal facilities would doubtless be taxed to their utmost with the volume of export, coastwise and domestic freight which for several months has been and still is being offered even if the ordinary number of vessels for export and coastwise freight had been available.

It is generally conceded that this unusual volume of export freight and the unusual shortage of vessels are largely, if not wholly, due to conditions growing out of the European war.

Remedies Suggested for the Congestion

It has been suggested in some quarters that the commission should take hold of this situation and straighten it out, but, presumably, the authors of such suggestions were unacquainted with or had momentarily overlooked the limitations upon the powers vested in the commission. Various representatives of the interested railroads have suggested that the commission should deal with the situation by authorizing them to file and make effective, on less than statutory notice, tariffs providing for storage and

demurrage charges far in excess of any that have, so far as we are advised, ever before been proposed. The commission declined one such request, not alone because of the extraordinary increase in charges proposed, but because of further



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COMMISSIONERS McCHORD AND MEYER OF THE INTERSTATE COMMERCE COMMISSION

Mr. Meyer has succeeded Mr. McChord as Chairman of the Commission

proposals to withdraw arrangements, voluntarily established and long maintained by the railroads, and to which a great volume of business has been adapted, and to inaugurate storage charges which the shippers would be required to pay, even though they might not be in any degree responsible for the delay to the freight.

Somewhat similar suggestions have recently been renewed and the commission has arranged this conference for the purpose of providing an opportunity for both carriers and shippers to present any suggestions they desire to offer with regard to the congestion and appropriate means for relieving it, temporarily or permanently, through changes in tariffs or otherwise.

Wide Results of the Delay

The situation involves not alone inconvenience to the roads operating or reaching the congested terminals and to the consignors and consignees of the freight there congested; its effect is countrywide, and western railroads are unable to properly serve their local patrons because of the extent to which their cars are detained either at these congested terminals or on the lines of the eastern roads. The commission has

received informal complaints from some western railroads that their lines are practically stripped of box car equipment, and that the release of their cars at the congested terminals has not afforded them relief because their cars sent west empty from the congested district are stopped at Chicago or points east thereof and again loaded eastward in turn to contribute their share to further congestion at the seaboard.

Although it may be assumed that the railway officers have done what appeared to them best in their efforts to deal day by day with these unusual conditions and to relieve the congestion, it has been asserted that frequent changes in the embargoes that have been declared have operated to the advantage of one shipper over another. We have, however, no allegations that any such preference has purposely been given to any particular shipper.

Duty of the Railroads Clear

It is clearly the duty of railroads to utilize their facilities and equipment to the fullest extent, especially in times like this, and it is equally the duty of every shipper to contribute his share to a proper utilization of the equipment and facilities. The fact that an unprecedented volume of freight may offer for movement in the eastern territory and to these ports, should not be permitted to operate to prevent shippers in the west from securing services, nor to strip the western roads of their equipment.

The uncertainty of securing vessel space for export shipment is appreciated; at the same time freight should not be shipped and hauled to these overtaxed terminals far in excess of the reasonable possibilities of disposing of it, especially when that is done at the expense of inconvenience and loss to the railroads that are thus deprived of their equipment and the patrons who are dependent upon such roads for their daily needs.

Suggestions and Co-operation Desired

The commission hopes that helpful suggestions may be here presented, and that there may be co-operation between carriers and shippers and receivers of freight in efforts along right lines to ameliorate as speedily as possible the

*Statement opening the hearing, this month, on the reasons and remedies for freight congestion at eastern railroad terminals.

present situation, which is, and apparently for some time may be, extremely troublesome. The commission further expresses the hope that all suggestions will be offered in a broad spirit of mutual helpfulness and as far as possible free from a spirit of self-interest.

Events Since the Hearings

Since the hearings of March 6 and 7 the Interstate Commerce Commission has continued its endeavors to expedite shipments. In order that it may have complete and precise data, it has asked all the railroads at once to give it copies of all the embargo notices in force on March 17. For the future it has requested immediate copies of all new embargoes and modifications of old ones.

Committee in New York

At the time the Commission sent out these requests from Washington, a member of the Commission was in conference at New York with the presidents of the eastern roads on the lines of which the principal congestion exists.

The officials in this conference,—and they represented such important roads as the Pennsylvania, the New Haven, the New York Central, the Central of New Jersey, etc.,—united in forming an executive committee to which they gave authority to approve, disapprove, or modify all embargoes, to order stoppage of shipments to consignees who by not promptly taking their shipments are unduly blocking the facilities of traffic, and



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LOADED CARS IN THE YARD AT PENNSYLVANIA TERMINALS, JERSEY CITY

to call upon individual railroads to co-operate with their facilities. The resolutions conveying these powers declare, "It is understood that the individual railroads, parties to this agreement, will render and provide all possible assistance to the general good."

Commission's Participation

The executive committee which is to perform the duties which are delegated by the eastern roads is composed of six railroad presidents and one of the Interstate Commerce Commissioners. Thus,

the personnel indicates not only co-operation among the railroads but between the roads and the Commission.

Daily Meetings

On March 20 the executive committee will begin to have daily meetings in New York, where offices are being opened. At these meetings the situation will be considered and from day to day measures of alleviation will be put into effect. The first order of the executive committee will take effect on March 18, and will hasten the movement of empty cars westward from New England.

Co-operation of Shippers

The co-operation of shippers, consignees, and receivers of freight is asked by the committee, and notice is given that they may be requested to attend the committee's sessions in the course of local and general investigations that may be necessary.

Executive Committee's Powers

To the Committee the railroads have given not only the authority indicated above but also power to expedite the use of facilities by imposing storage charges whenever transportation service really ceases. According to the resolutions creating the Committee, there may be charges for track storage, warehouse storage, and car storage or demurrage.

As THE NATION'S BUSINESS goes to press, the situation in New York terminals has been aggravated by stormy weather.



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A HUDSON RIVER PIER CROWDED WITH GOODS FOR OUR EXPORT TRADE

Employment Managers Solving a Business Problem

By DR. ERNEST FOX NICHOLS, *President of Dartmouth College**

THE greatest business problem today is the human problem of labor and the wise handling of men. Here lies the greatest opportunity, and also the greatest danger confronting modern business. On the one hand lie the possibilities of steady production, cooperation, contentment, and goodwill; on the other the possibilities of strife, of organized social revolt and even the wrecking of the present organization of industry.

The failure of many of our industries to deal wisely, humanely, and considerately with labor is shown in various ways. For instance, the United States Census statistics for the calendar year 1904 show that in all industries the maximum number of people employed was something over seven million; the minimum number, at another time of the year, was 4,600,000. At the minimum, only 65 per cent. of the maximum were employed. That means that 35 per cent. were compelled to be idle for part of the time. If we take into account overtime and part time, even greater fluctuations of employment and unemployment occur.

There are some industries, as we all know, that are working only about five months in the year. Think of the waste of capital! Think of the human waste of labor!

To work part time is extravagantly wasteful. To employ overtime is to pay more per hour, and each hour is worth less than in regular time. The loss is a double loss shared by the industry and by society, and thousands upon thousands of men and women in this country are wrecked every year through the annual fluctuations of employment.

The Causes of Labor Turn-Over

The best way to examine the industrial condition of any business is by examining what we call the labor turn-over. The labor turn-over technically means this: If you have 100 employees steadily in your work, and in order to maintain that number at 100 you have to employ each year 50 new employees, your labor turn-over is 50 in a 100, or 50 per cent. That, by the way, is a very moderate labor turn-over. It has been known to go as high as 1,000 per cent.

Many men with large responsibility in commerce and industry have not yet reached the point where they know what their labor turn-over is. Yet that is the key to their business.

But the labor turn-over tells you very little unless you analyze it, and you have to analyze it with skill, with judgment, with vision, with trained powers. In short, there should be a man whose profession it is to be able to analyze the labor turn-over, and to find remedies and ways for decreasing it.



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DR. ERNEST FOX NICHOLS
President of Dartmouth College

Let us see what some of the problems are that are involved.

Seasonal fluctuations, or seasonal industries. How can that be met? It may require a different sales policy; it may require a different operation policy; it may require cooperation between buyer and seller. But, as long as employment is managed as it is now managed in most industries, there is no hope of bringing that about. Too many of our industries are governed by their sales force. It is a different problem in every industry and in every group of surroundings. There is no general cure for all these things. There must be some one of trained powers on the ground studying constantly and steadily.

The large labor turn-over may in part be due to the wrong selection of employees. How are employees selected in each of the businesses in which you are interested, or of which you are in control? What is the intelligence? What are the human sympathies? What is the type of man or men who hire new employees, and to what extent are they examined for their fitness for this important and particular business?

Another thing which may lead to a large turn-over is fickle reasons for discharging, or discharging on arbitrary grounds. There is more of that done than you would realize until you looked into it very carefully.

Another cause of labor turn-over is unsatisfactory wages; another, hours of work; another, failure to develop employees for fitness; failure, after the employee has been hired, to follow him up and see that the fitness which is in him is developed. If there is one operation at which he is put at which he does not succeed, see if you cannot find another; see if you can conserve that man or that woman and bring out of what seems unpromising material a productive worker.

One other cause is the lack of standardization and separation of jobs, so that the employee at the time of his employment does not clearly understand, and cannot be given to understand, exactly what his duties and responsibilities are, and where they stop and where they begin. Uncomfortable working conditions, crowding, ventilation, light, heat, may lead to an increased labor turn-over if they are faulty. Sickness due to unsanitary conditions of employment is a frequent cause of a large turn-over, and when illness begins, it is not only those who are ill who leave the employment, but others leave with them.

Wrong personal methods of handling employees, not treating them with the respect due to men and women, may cause a large turn-over. General discontent, discouragement, distrust or suspicion of the management, lack of a feeling of *esprit de corps*, lack of a friendliness between the employees themselves, failure of the management to show recognition or advancement, or wage increase for better work, are causes.

*From an Address at the Fourth Annual Meeting of the National Chamber

Then there are certain local causes. Such are just a few of the things that enter into the labor turn-over, and a man must be of great talent and judgment and human sympathy and feeling, who will devote his whole time, the whole time of a highly trained and sympathetic intelligence, to go through and analyze and find out what is wrong and how it can be bettered.

What One Employment Manager Did

Let me give you the results of one employment manager. Fortunately, in this case, the man who took upon himself the employment function was a member of the firm, so that nothing stood in the way of the policies which, after due examination and study, he settled upon. The business concern is one in the clothing trade where there has been seasonal employment, where in other shops there is now seasonal employment. In this case the sales policy has been changed. Customers and sellers have agreed to certain modifications of delivery, to their mutual advantage. Certain operative policies have been changed because of the study of the employment manager of the conditions of employment, and this is what he accomplished. In five years he cut down the annual labor turn-over from 150 to 33 per cent. He raised average weekly wages by 37 per cent. He reduced working hours from 54 to 48 per week. He cut down his average force from 1,044 to 865. He increased production 42 per cent.

That sort of thing is not charity. It is not sentimental uplift. It comes out in the balance sheet. The man of that quality, with that standing and authority, whose word will be heard in the management, is the man who cannot only improve the industry immediately, or almost immediately, but he can actually increase money earnings, can provide a fixed and steady personnel, he can so change conditions that work goes steadily forward with only small seasonal fluctuations, so that the whole plant is used every day and there is no overhead charge carried when nobody is at work. In addition to all that, he has saved to the industry hundreds of laborers and working people. He has saved the State and society from the wreckage which comes from unemployment.

Faults in Employment Policies

This is a new profession. Let me read you one other instance of another kind.

Mr. Magnus Alexander very carefully analyzed a group of industries employing all grades of labor. He very carefully inquired into every one of them, the processes of employing, the processes of dismissal, and everything connected with employment in them. These were the conditions he found. In those industries during the year in which he studied them the total number of employees increased from 38,000 to 46,000. But to get that 8,000 increase, 44,000 people were taken into the business as employees to maintain the staff and to get an 8,000 increase.

Mr. Alexander makes every possible deduction for labor turn-over due to unavoidable causes, sickness, death, and all the other things that cannot be prevented, but can only be minimized. He takes into account every item involved, and he comes out with a result that 22,000 of those employees were unnecessarily taken on; and as many left for preventable causes; that is, these changes of employment showed faults in the employment policies of the business. He also computed, after a very careful reckoning—and I am sure that he did not put it too high—that those combined industries, in the employment of those 22,000 unnecessary people, expended \$775,000. That is a conservative figure.

We have this new profession, this employment manager. What should be his duties? What should be his qualifications? What should be his training? His work is difficult. You will admit he must not only know how to deal with the present situation, but he has more against him than that. He must allay mutual suspicion and hostility already aroused by winning confidence in his fair dealing with both labor and management.

Functions of an Employment Manager

Let us read you something of the qualifications that have been drawn up by Dr. H. S. Person, one who has given this problem more study than I have. What sort of things ought an employment manager to do and to be.

"There are employment managers and employment managers," says Dr. Person. "At one end of the line we find the subordinate clerk who merely hires and fires; at the other end the employment manager who is co-ordinate in rank and authority with the works, the sales, and the financial managers; who is responsible for all administrative and executive work pertaining to the personnel; whose relations are with the workpeople as

human beings rather than as a commodity; who is the representative of the workpeople to the management, and of the management to the workpeople; who is the man of superior insight into the future of industrial human relations, and the leader and teacher who raises both parties to the industrial contract to higher conceptions of their mutual rights and obligations.

"The functions of the highest type of employment executive have a wide range, from the interviewing of an applicant to administrative decisions involving the largest social problems. For our purpose I classify them as follows:

"1. Those functions pertaining directly to the technical productive efficiency of the individual employee. Illustrative of these are: the selection of the right kind of employee for any of the classified 'jobs' of the business; the analysis and classification of the 'jobs' making up the business; the training of employees within the plant or in co-operation with educational institutions; the establishment of records, involving the determination of what they shall contain; the routing or transfer or interchange of employees; the discipline of employees; the determination and maintenance of proper working conditions; the establishment of wage rates which create 'incentive,' etc. The performance of these functions is accomplished, in some instances, through personal contact of the employment executive with the individual employee, but, on the whole, through an organized machinery of minor executives, and there is involved, therefore, the function of organizing and operating such machinery.

"2. Those functions pertaining indirectly to the productive efficiency of the individual employee or pertaining to the rights of the employee as an economic, even though not a legal, partner in the business. Illustrative of these are: consultations, made possible by confidence, and on the initiative of the employee, concerning the personal problems of the employee; the maintenance of hospitals, nurses, physicians, oculists, dentists, etc.; the maintenance of lunch rooms, rest rooms, recreation grounds and equipment, etc.; inspiration and assistance in the organization of an employees' cooperative association for various mutual benefit activities, such as the establishment of a cooperative store, a cooperative bank, etc. The performance of these functions is ac-

(Concluded on Page 17)

Why Not Government Aid for Foreign Commerce?

The Chance of American Business: Why Are We Not Alive to It?

IN spite of the unusual opportunities presented by the war and the urgent requests of American business men that our Government aid them in taking full advantage of such opportunities, Congress, apparently, has not realized just what this means. The House Committee on Appropriations has made only very inadequate appropriations for the development of American trade abroad.

The bill reported on February 24, in its appropriation for the Bureau of Foreign and Domestic Commerce, granted only a small proportion of the program urged by the Secretary of Commerce for the development of our world trade.

For the general promotion of commerce abroad an increase of fifty thousand dollars over the appropriation of last year was made, so that there is now available for this purpose \$125,000. The Secretary had asked for just twice that sum. Instead of allowing an adequate amount—\$100,000 or more—for the development of commerce with South America, the House granted a paltry \$25,000 additional. It has made, moreover, no provision whatsoever for new commercial attachés, although the Secretary of Commerce and the business men of the country (expressing their desire through the National Chamber), had urged a much larger increase for such purpose.

Letter of President Rhett

President Rhett, of the Chamber of Commerce of the United States, has written a letter to members of Congress on the general subject of the promotion of our foreign trade at the present psychological moment, as follows:

"The Legislative, Executive and Judicial Appropriation Bill which, among its other functions, makes appropriations for the work of the Bureau of Foreign and Domestic Commerce in the Department of Commerce, is now before the House of Representatives. As reported from the Committee on Appropriations, it makes but slight provision for the extension of the work of the Bureau in ascertaining the markets for American goods in foreign countries and the promotion of American commerce.

"The work of the Bureau in these fields has had the constant attention of the

Committee on the Department of Commerce of the Chamber of Commerce of the United States. In 1913, a report of this Committee was issued to referendum advocating large extensions of the work for the promotion of the commerce of the United States. These recommendations were almost unanimously endorsed by the commercial bodies throughout the country and Congress went far toward carrying them out in the appropriation bill of that year.

"This was before the European war and had reference to the normal situation which then existed. The war has entirely changed that situation and has made a necessity for the development of American commerce with foreign countries on a scale wholly without precedent. This necessity expires with the war and American business can hold only such markets as it has become firmly established in during this period of uncertain duration. American export trade has developed very greatly and the volume of American foreign commerce has become an integral part of our internal prosperity.

"The development of foreign markets is not in this country or in other countries a matter of individual initiative alone. Only the largest Ameri-

can firms are equipped to enter foreign markets on their own initiative. Even these are dependent in large part on the Government, as foreign trade rests for its success so largely on Government activity in such matters as commercial treaties, diplomatic and consular representation, protection of American interests abroad in times of crisis, and competition with the activities of the representatives of foreign governments in the same field. If the smaller American concerns are to participate with the larger in foreign trade, if either of them is to be successful in holding American markets entered into during the war, it is essential that they should have such government support and government aid as is freely given by the governments of other countries in the development of their foreign commerce.

"This situation in all its phases has been carefully considered by our Committee on the Department of Commerce, which issued a report with recommendations that were sent to referendum under date of November 15. The voting closed on December 31. In the main, the plans of the Department for the development of the commercial service of the Bureau of Foreign and Domestic Commerce were endorsed but not in any sense blindly.



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SOME MEMBERS OF THE CHAMBER'S COMMITTEE ON THE DEPARTMENT OF COMMERCE

From left to right: Charles C. Jenks, Charles A. McCormick, D. A. Skinner (Assistant Secretary), A. W. Shaw (Chairman of the Committee), Edward E. Pratt (Chief of Bureau of Foreign and Domestic Commerce), Calvin M. Smyth, Philip B. Fouke, E. Oliver Foulkes, Elliot H. Goodwin (Secretary of the National Chamber). Other members are W. H. Cottingham, C. H. DeFosse, E. F. Gay, A. H. Mulliken, L. W. Parker, and A. A. Young.

Some were rejected, in some cases proposals initiated by our Committee were accepted by the Department, and in other cases recommendations were made by the Committee independent of the Department.

"The voting by the commercial organizations of the United States closed on December 31, 1915, and the nine separate recommendations of the Committee were endorsed with but a small number of votes in the negative in any case. The organizations that took part in the balloting were 307 in number and were situated in 42 states, the District of Columbia, Hawaii, Paris, France, and Milan, Italy.

"The results of this Referendum were communicated to Congress through the medium of letters to the Vice-President and the Speaker of the House of Representatives. A copy of the letter to the Speaker of the House is attached hereto. In turn, the Referendum was sent to the Chairmen of the House Committees on Appropriations and on Foreign Affairs (for the report deals in part with development of the Consular Service of the United States). The bulletin containing an analysis of the vote and showing how each organization cast its ballot is enclosed herewith, while a copy of the pamphlet containing the report, which was sent out to the members to be voted on, will be forwarded to you under separate cover.

Favor Government Aid for Foreign Commerce

"This Referendum places beyond question or doubt the overwhelming sentiment of the commercial bodies of the United States that the Government should grant adequate support to American business in exploiting to the full the opportunity for the development of American commerce furnished by the European war. We are not in any way responsible for this war. We are not engaged in endeavoring to advance our interests at the expense of others but we are engaged in a most legitimate enterprise, in accordance with the recognized rules of business and competition, to benefit both American business on the one side and the countries with which we deal in foreign trade on the other.

"While it is obvious that the House Committee on Appropriations has not been convinced of the necessity for adequately increasing the commercial field service of the United States, as shown by

the bill which the Committee has reported, we trust that members of the House of Representatives will keep in mind the immense efforts now being made by our commercial rivals both to hold their former markets in war times and to re-enter the foreign field with redoubled energy on the consummation of peace. In touch as this Chamber is with the commercial activities all over the world, it is possessed of evidence in authoritative and official form of this great activity which in comparison makes the efforts now put forward by the American Government at a time of unparalleled opportunity seem extremely small.

"For this letter and for the Referendum which accompanies it we respectfully ask your most earnest consideration. Business men as a class, as you will readily admit, are the first to criticise governmental extravagance and the quickest to favor movements in the direction of governmental economy. At the present time, they are well aware of the need for rigid economy but they discriminate between that expenditure which would lead to extravagance and that false economy which means cutting down or refusing to grant the appropriations which would lead to the development of American commerce, agriculture and labor, and would have a manifold return in increased prosperity for all classes as well as in the firm establishment of American commerce in the markets of the world."

Increased Funds for the Consular Service

The referendum of the National Chamber on increasing the facilities for our trade abroad, referred to by Mr. Rhett in the letter just quoted, asked not only for a wider field and larger funds for the Bureau of Foreign and Domestic Commerce and our commercial attachés abroad, but for increased facilities and appropriations for the Consular Service. A good many improvements have been made in the service in recent years, but it still lacks adequate support from the government.

American consuls, it should not be forgotten, are our chief commercial representatives abroad. They report to the State Department, but the results of their investigations and efforts are published to the business world through the Department of Commerce in the reports issued chiefly under the title *Commerce Reports*.

It is gratifying to record the fact that, in agreeing on the diplomatic and consular appropriation bill (on March 9) the House Committee on Foreign Affairs has come to the rescue of American consuls and diplomatic officers whose salaries have been insufficient in many cases to meet the soaring cost of living abroad. The bill, as it will be reported, will carry appropriations aggregating approximately \$5,500,000, an amount larger by \$1,500,000 than the appropriations last year. The appropriations, largely due to war conditions, include salaries for twelve additional secretaries to the diplomatic service, a substantial sum for transportation and for contingent expenses for consuls and \$125,000 for emergencies.

Employment Managers Solving a Business Problem

(Concluded from Page 15)

complished, in some instances, through personal contact with the individual, but usually through contact with officers and committees of the employees' organizations.

"3. Those functions pertaining to the largest administrative policies and problems of the business. The best type of employment executive is of as high rank as the works, sales and financial executives, has as complete and independent access to the office of the president, and has as fully his confidence with regard to problems of the relation between the management and the personnel as they have with regard to the problems pertinent to their respective functions. If there is an executive board made up of the various functional managers, he is the peer of any man on that board. On that board he sits in a dual capacity. He represents on the one hand the desires and the rights of the working force, and on the other hand the desires and the rights of the management. He is harmonizer and adjuster. He is the specialist who studies the problems of industrial democracy, organized labor, 'collective bargaining,' employees' 'consent,' and so on, and reports his investigations and conclusions, with recommendations, to that board. The performance of these functions brings him into contact with leaders of the working people, with students of social affairs, and with the highest executives in the management."

A Chilean on How to do Business with Chile

By IGNACIO LEON, *Secretary of the Chilean Embassy**

THIS is the best opportunity of the United States to increase its commercial relations with Chile, an opportunity such as has never occurred before and may never occur again. This is the time for American manufacturers

here, look around and place their orders. But the wealthy merchants in Chile, as in other countries, are in the minority. It is the smaller merchant who should be reached to put trade with Chile on such a firm basis that, once established, it

districts, visiting the small merchants as well. Too often American salesmen go only to the very largest merchants in South America, those who are able to make selections and deposit orders with much greater freedom than the smaller business man. The salesmen usually find these big merchants stocked up. When they are unable to get large orders they go away discouraged and say there is no business for them in South America. This condition can be entirely changed if the American salesman on going into South America will make it known widely that he is there to do business. American goods are popular in Chile.

What Americans Must Know

In order to be successful in carrying out business with Chile, as well as with all of South America, the American salesman needs especially to be able to speak Spanish well; to know thoroughly the character and customs of the South Americans; and to familiarize himself with them, just as the English and Germans have done. The time required for this preparation may be, in general, about two years; while in the meantime, the necessities of the South American merchants may begin to disappear by the re-establishment of European relations. Then what would be a rapid method of taking advantage of the opportunity?



BEAUTIFUL SANTIAGO: SANTA LUCIA HILL IN THE CENTER OF THE CITY

and salesmen to work up trade all over South America. Chile offers an especially favorable field.

For years preceding the European war, Germany and England controlled the import trade of Chile. Owing to the war, the German trade with Chile, amounting to forty millions of dollars, has now been lost absolutely. There has been a decrease in the British trade also since much of the iron and steel formerly imported from England is now kept at home for munition purposes. Naturally Chilean merchants are casting about for concerns with which to continue this trade dropped by the belligerents, a trade now estimated to amount to approximately 30% of Chile's commerce.

German Trade Progress Before the War

Before the war, Chile imported from Germany machinery, mineral products, paper, cardboard, and all kinds of manufactured goods. There is no doubt that the United States can supply all the things heretofore furnished by Germany. It is almost entirely a question of method, or of changing methods. The wealthy Chilean merchants can come

may continue after peace is declared and German salesmen are again able to promote the sale of their products. Good and effective work can be done if American salesmen will visit not only the principal cities of South America, the ones best known in this country, but will make a thorough canvass of the country



COAL MINES OF LOTI, NEAR TALCAHUANO, THE SECOND PORT OF CHILE

*Presenting such arguments as, in the opinion of this member of the Chilean Embassy, would be helpful in awakening American merchants to their opportunity in Chile.

Undoubtedly, the first thing is to make themselves known in some way. It seems to me that the advertising of American concerns, together with direct information to the merchants, would be very efficient, and would bring American manufacturers into direct and prompt relation with Chilean merchants. For instance, advertising in the principal newspapers, would reach all the merchants of the country, who through the direct information would know, of course, all the necessary conditions to establish commercial relations.

Then there is the old and vital question of credit. Germany and Great Britain have for years been meeting the need of the South Americans for long-time credits. Now Chile is prepared to meet ninety-day payments.

In the conference held in Washington in May last looking toward greater trade intercourse between the Americas—the Pan American Financial Conference—the Chilean Group Committee, made up of distinguished financiers, manufacturers and general business men of both countries, considered several important suggestions concerning trade relations. Among important questions considered were those dealing with transportation and shipping facilities and uniform laws relating to trade and commerce.

Recommendations were made which would do much to establish a permanent dollar exchange, and not only to make the Chilean nitrate exporters less dependent on London, but to do much toward stimulating general transactions in dollar exchange. It would bring a larger supply of ninety-day bills to financial centers in this country where they could be dis-

counted through Federal Reserve Banks.

Chile's Principal Industries at Present

Nitrate of soda, copper, iodine and borate of lime are at present the principal industries of Chile. The development of the sheep and cattle raising districts in the southern part of the republic, however, bids fair to make the ports in this section one of the important shipping

The nitrate deposits, the best fertilizer known and an indispensable factor in several industries, exist only in Chile and scarcely five per cent (5%) of them are being worked.

The natural mountainous situation of Chile is indicative of its wonderful water power. This offers great opportunity for development. The potential electric power in Chile is greater than that in any



THE NATIONAL POSTOFFICE IN SANTIAGO

centers of the world in the not far-distant future. The nitrate industry, which was reported in such a bad way after the outbreak of the war, is now in fair condition.

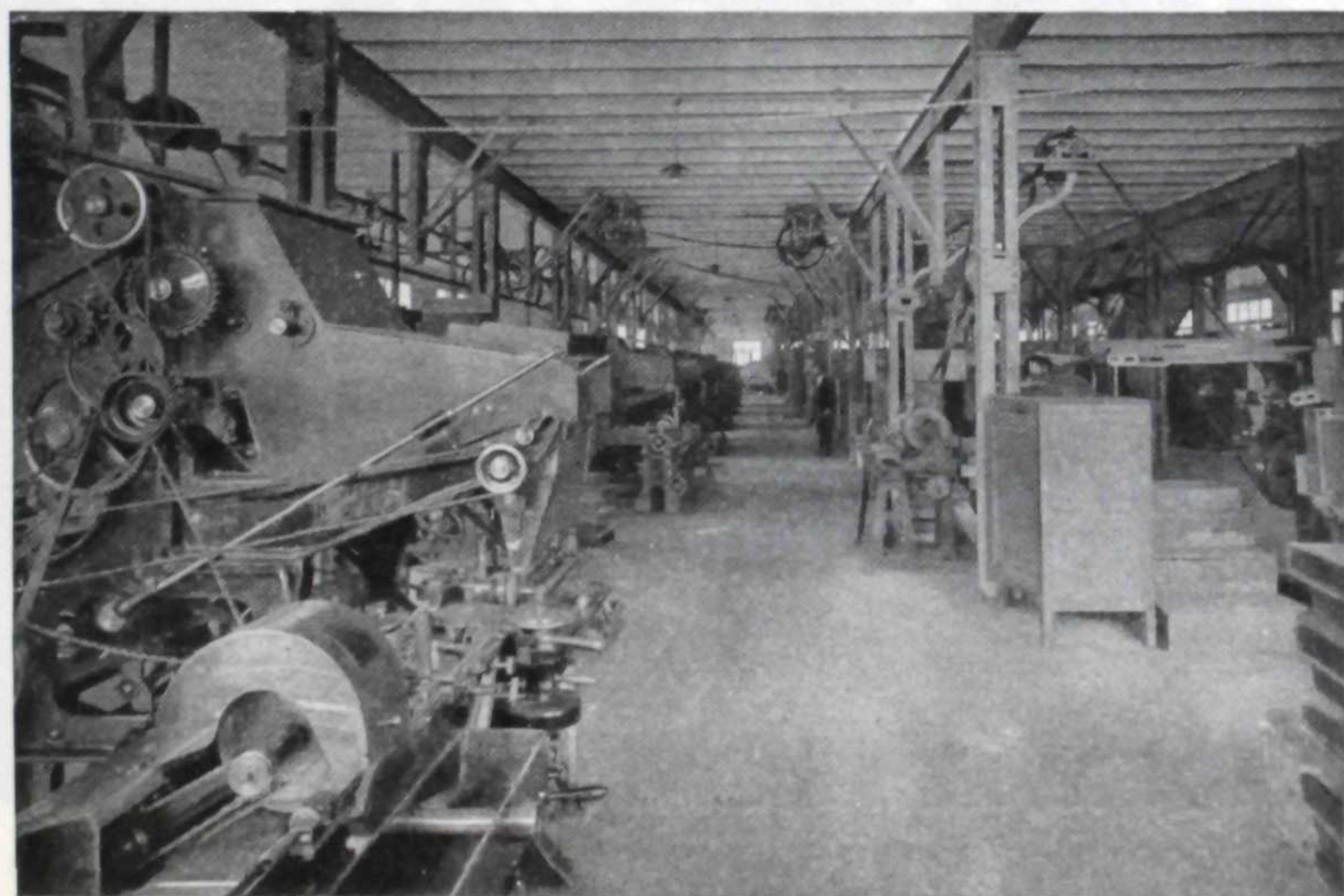
In iron and coal Chile is particularly rich. The iron deposits constitute one-fifth of the total known supply of the world. Development is being carried on by English and German and some American money.

other country in the world. Santiago is the largest city of Chile, having a population of 600,000. Valparaiso is next, with about 250,000. Both offer fine fields for American business men.

The transportation facilities to Chile are good and are increasing. There is the Pacific Line; the Wm. R. Grace Company has two lines; the Lamport and Holt lines, and now there is the South American Steamship line, the Peruvian Steamship line and the Pacific Steam Navigation Company from Valparaiso to Panama. Chile has excellent ports, chief among them being Arica Iquique, Coquimbo, Antofagasta, Punta Arenas, Valparaiso, and Talcahuano.

The Japanese, with their usual thoroughness, are making their wares widely and favorably known in Chile at the present time. Japan is sending intelligent, capable salesmen to Chile. They use the newspapers freely for advertising. They hold frequent conferences with merchants. They are even producing moving pictures displaying the process of manufacture of their various wares.

England, Germany and Spain have banks in Chile and the National City Bank of New York is about to open a branch in Santiago.



A NITRATE REFINING PLANT IN ANTOFAGASTA

The Naval Board and Industrial Mobilization

By HOWARD COFFIN, of the Naval Consulting Board*

WHEN the Naval Consulting Board was formed, one of the first things to which we gave consideration was some method of mobilizing the industrial strength of the country behind the fighting line. General Wood uses an expression that is particularly apt. He says the army and navy of the United States are merely the cutting edge of the blade for national defense, that the entire body of the blade and the weight of the steel behind that edge must be made up in the mills and the factories, and in the labor of the country.

It is a fact today that for every trained man on the fighting line in Europe, there are three trained individuals working in the factories behind that line. A large percentage of these individuals are women. If this country is unfortunate enough in the future to have a war, it is not going to be a comic opera type of campaign such as was the Spanish-American war. It is going to be a war in which our wives, our sisters and our daughters are going into the mills

PRESIDENT WILSON ON THE TWO USES FOR AN ARMY

America is always going to use her army in two ways. She is going to use it for the purposes of peace, and she is going to use it as a nucleus for expansion into those things which she does believe in, namely, the preparation of her citizens to take care of themselves. * * * We ought to have in this country a great system of industrial and vocational education, under Federal guidance and with Federal aid, in which a very large percentage of the youth of this country will be given training in the skillful use and application of the principles of science in manoeuvre and business. And it will be perfectly feasible and highly desirable to add to that and combine with it such a training in the mechanism and use and care of arms, in the sanitation of camp; in the simpler forms of manoeuvre and organization, as will make these same men industrially efficient and individually serviceable for national defense. The point about such a system will be that its emphasis will lie on the industrial and civil side of life; and that, like all the rest of America, the use of force will only be in the background and as the last resort. So that men will think first of their families and their daily work, of their service in the economic fields of the country, and only last of all of their serviceability to the nation as soldiers and men at arms. That is the ideal of America.—From an address before the Railway Business Association, in New York.

and into the factories to make ammunition for the men at the front.

This is not at all a figure of speech. In England today it is an actual fact that the society women, who have never done a day of manual labor in their lives, are now being organized. They are actually going into the factories and mills by some hundreds every week to take the place of labor, and to boost the production during the time between Saturday noon and midnight Sunday.

Our own situation at present is serious. It is very clear that if we sit down after Congress passes the bills increasing the navy and increasing the army, and say that we are now protected, and that our defensive system is O. K., we will be making a tremendous mistake. We will have only begun.

Helping to Keep the Industrial Organization Intact

Therefore, the work which the Naval Consulting Board tackled first, entirely without appropriation upon the part of Congress, and entirely, it seemed, with-



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THE SECRETARY OF THE NAVY AND HIS CONSULTING BOARD

Seated at the table with Secretary Daniels is Thomas Edison, Chairman of the Board

*From an address on February 10 at the Fourth Annual Meeting of the National Chamber

out visible means to accomplish the result, was this task of collecting information and actually making that information of use and available. We are seeking an enrollment of the labor of the country in an industrial reserve which would be detailed on the industrial line, and would not be allowed to get away and get on the fighting line, as they did in European countries, with the exception, perhaps, of Germany.

In England and France many of the skilled workers went to the front, many of them were killed, many others after three months' military service were unfitted for the works. The result was that the entire industrial organization of both these countries was disrupted. Such men as could be spared were therefore brought back when the real seriousness of modern war and the new conditions it imposes had become understood.

All of the information which we collected as to the industries in this country will mean nothing in real preparedness. No factory is fitted for the production of any class of goods until it has actually produced those goods. Therefore, one step in our campaign, after we have collected the necessary information, is the necessary legislation permitting of the distribution throughout every industry in this country of small orders, annual orders, for those materials which the equipment of those plants is fitted to turn out. In this way, and in this way only, can we accomplish practical preparedness.

The necessity of classifying and enrolling labor in advance of the time of actual stress, is too obvious to need repeating here. The man at the lathe is just as much a part of the defensive organization of this country as is the man with the musket on the firing line. It is planned that the government, in due time, in cases of stress, will give to that man at the lathe a badge or an emblem which shall mean to him and to his fellow-men the same amount of honor as will a musket and a khaki suit on the firing line.

Organizing the Engineers

We have now organized 35,000 of the engineers of this country to do this work. The state organizations, consisting of five men, one chosen by each of the five leading national technical organizations of this country, are appointed by the Secretary of the Navy, and become official representatives of the Naval Consulting Board. These men are formed

into a board of directors, with a chairman and a secretary, and to this board of directors is turned over the entire membership of technical organizations within those states.

Therefore, it will not be very long before some engineer or chemist, or at least a man technically trained, will come into the plants which you gentlemen represent with the forms seeking that information which is desired by the army and navy. All that the Consulting Board would like to ask of you is that you give to that man every attention and every support, and see that the Board, and through them the army and navy, get this information for which we are looking.

Conferring With South America on Business

(Concluded from Page 10)

Those actually included in the party which sailed are: Secretary of the Treasury and Mrs. McAdoo, the Assistant Secretary of the Treasury and Mrs. Peters, Mr. and Mrs. Samuel Untermyer, of New York, John H. Fahey, Senator Duncan U. Fletcher of Florida, Archibald Kains, Governor of the Federal Reserve Bank of San Francisco, Paul M. Warburg, of the Federal Reserve Board, J. B. B. Parker and C. E. McGuire, the last two being Assistant Secretaries General of the Commission. To do special honor to the delegates of the United States, the Government is taking them to Buenos Aires on the warship *Tennessee*, which sailed from Hampton Roads on March 8.

An extensive and interesting itinerary has been prepared for the party. The itinerary as shown on the map on page 10 was as follows: Leave Washington, March 7; arrive Old Point, March 8; leave Hampton Roads, March 8; arrive Porto Rico, March 11; leave Porto Rico, March 12; arrive Port of Spain, Trinidad, March 13; leave Trinidad, March 15; arrive Rio de Janeiro, March 24; leave Rio de Janeiro, March 26; arrive Montevideo, March 29; leave Montevideo, March 30; arrive Buenos Aires, March 31; leave Buenos Aires, April 15; Trans Andean R. R. to Santiago and Valparaiso; leave Valparaiso, April 20; arrive Callao, April 24; leave Callao, April 26; arrive Guayaquil about April 28; leave Guayaquil about April 28; arrive Panama, April 30; leave Panama, May 2; arrive Havana about May 4; leave Havana about May 5; arrive Hampton Roads about May 9.

The World's Shipping and the War

(Concluded from Page 7)

Saving Time by System

One of the economies which is receiving special attention is the matter of time. Much time is being lost by congestion in harbors and at the docks, which has seriously curtailed the number of voyages a vessel can make in the year and which has further added an appreciable element to cost of operation. Havre, Genoa, Liverpool, London, Gothenburg and other ports, have had their capacity taxed to the utmost. It has been calculated that ships waste as much as 25% of their time at the docks due to congestion.

Consequently, efforts are being made to improve railroad service, which is held responsible for a certain portion of the delay. If the railroads fail to get goods off the docks in the minimum time, delay results. It has already been seen in this country how congestion of railway traffic has delayed the export of goods. The same thing has been occurring on a tremendous scale in the belligerent countries in regard to the import of supplies. The war has precipitated practical problems which cover every phase of modern life and have produced an astonishing output of energy and ingenuity.

The Economic Effect of War

This suggests what has been so often studied and discussed, namely, the economic effect of war. It is generally recognized by economists that in peace times not only nations but more especially individuals rarely put forth more than a portion of their potential energies and abilities. President Wilson, more than a year ago, in a speech at the Third Annual Meeting of the Chamber of Commerce of the United States, said that when peace was as handsome as war then would there be no more war. And by that he indicated that when peace could produce such unanimous and intense effort for the public weal, as all the belligerent nations have shown in the war, then would war become a thing of the past.

It is true that in some aspects, as the President said, war is handsome, for it produces a fine spirit of self-sacrifice—of self-sacrifice which goes to the utmost limit and offers life itself for a public service. All the belligerent countries are exemplifying this. And the recent orders of the British Government affecting shipping are but another indication of the extent of the control which individuals will accept in the interests of the public.



With the Organizations



Junior Associations a Helpful Aid in Community Work

WHY should not the young men and boys of our American cities become familiar with and interested in the work being done by their local organizations for the advancement of community welfare? Why should they not be given a part in that work, not only on account of the aid they can render but, even more importantly, with a view to training them for the work they will later be called upon to do as members and possibly officers of the parent organization?

That this is a subject engaging the attention of many cities and towns is shown by the increasing number of junior organizations formed throughout the country and by the great number of letters of inquiry received upon the subject. Among these latter was a recent inquiry from the Detroit Board of Commerce asking what was being done by commercial organizations to interest young men and boys, and particularly sons of members in the work the organizations are doing, the answer to which was printed in full in *The Detrouiter*, the official organ of the Board of Commerce. This would indicate the interest attaching to the subject.

Space will not permit the printing of that letter in full here. The substance of it, however, is that information has, so far, been obtained regarding the formation of over forty junior organizations in as many cities, some of which are composed exclusively of sons of members, but most of which are composed of any and all young men and youths who desire to aid in the work of community betterment and equip themselves to be constructive community workers and wise counsellors when they reach maturity.

Various Activities of Junior Organizations

The Junior branch of one organization is engaged in making a survey of factory conditions. Another is preparing a report upon parks, schools as social centers and the objectionable features of billboards. A third is interesting itself in beautifying the approaches to the city by the planting of shade trees. A fourth

is occupied with acquiring knowledge of the duty of citizenship. A fifth is conducting a continuous campaign for the improvement of conditions and appearance of back yards and alleys. A sixth is engaged in planting flowers and shrubbery, covering unsightly fences with vines and the beautification of lawns and yards. One organization is giving its attention entirely to a study of accidents due to carelessness.

Many of these organizations hold meetings for the purpose of listening to talks by members of the parent organizations in which they are interested and there is scarcely a phase of community organization work which is not touched upon.

In these talks information is given regarding what government does for the citizen. The boy is taught to realize the service rendered him by government and the obligation which it imposes, and when he reaches maturity he has conception of what government owes him and he owes government. If, meanwhile, he has been occupying himself with activities for community good, he is in a degree prepared to graduate from the junior into the larger work of the parent organization.

Commercial Organizations and Fire Prevention

AT the meeting of the Pennsylvania Commercial Secretaries' Association in Altoona on March 3 and 4, described elsewhere in this department, Acting State Fire Marshal Charles D. Wolfe read an interesting paper on the tremendous annual loss by fire in the United States and explained how commercial organizations could aid in reducing this loss.

He held that laws and ordinances should be enacted punishing every man who was responsible for conditions causing a preventable fire. He quoted one French law to the effect that every tenant is responsible for a fire on his premises unless he can prove that it was caused by something beyond his control, by some fault in building, or that it had been communicated by a neighboring building. To quote:

The Association represented by you, gentlemen, organized as you are for the promotion of

commercial and industrial advantages in your respective communities, are, or should be, deeply interested in the preservation of life and property afforded by fire prevention. The members of your bodies are not alone interested in this. There are many other citizens whose opportunities of obtaining a livelihood do not bring them in touch with commercial life, but who are proud of the fact that such a body exists in their community and look up to those composing its membership for advice, and will more readily listen to suggestions from such a body, than from individuals, or in fact, from those in authority.

It is therefore, chargeable to you, as secretaries of your respective bodies, to use your endeavors in assisting not only your members, but those not affiliated with the advantage to be obtained from the prevention of fires and give assistance to those in authority, who are striving to reduce the fire waste. It should be borne in mind that this reduction touches intimately the interest of every individual and is productive of paying dividends by reason of the saving of property from fire waste which impoverishes a community and means added burdens on the citizens to pay the losses. Increased fire losses and increased insurance rates, which follow, are added to the cost of commodities and consequently mean higher cost of living.

You can greatly aid the Fire Marshal in his endeavor to reduce this gigantic burden that now confronts the citizens of the state by forming fire prevention committees from your members. I cannot better point out the path to be followed by the committee in its efforts than by quoting a resolution offered at the annual meeting of the National Association of Credit Men:

"Resolved, That the credit men of the country should undertake systematically the study of conditions in their respective communities with reference to the fire hazard, should interest themselves in the improvement of building codes and regulations in their cities, and the establishment of such protective machinery as is provided by the salvage corps, and endeavor to educate members and business men generally to the importance of providing themselves in plant and home with that which will extinguish incipient fires.

"Resolved, That the National Association of Credit Men direct its attention with renewed energy to the end that there shall be a growing sense of responsibility on the part of the people, individually and generally, in reducing our preventable fire waste, and that the association call upon every affiliated organization to do its part in developing a changed public sentiment toward those who invite fire and thus endanger by their recklessness property and human life."

The fire marshal concluded by asking his hearers to give all the assistance in their power in the matter of fire prevention, and assured them that he would cooperate in every way possible.

Remaking Minneapolis the Head of Mississippi Navigation

SINCE the abandonment of the Mississippi River at Minneapolis as an avenue of commerce about twenty years ago, the city has had no water transportation facilities. Recognizing the demand for lower transportation rates and the possibilities for the development of navigation on the Upper Mississippi, business men of Minneapolis have awakened considerable interest in the subject, with the result that comprehensive plans are now being developed for the improvement of the river so as to render it navigable, thus making the city of Minneapolis the head of navigation on the Mississippi.

men of Minneapolis is—To what extent can the river be made useful as a means of transportation by merchants and shippers? A preliminary investigation by the Committee on River Development of the Minneapolis Civic and Commerce Association has resulted in a great deal of interest being created in this matter, and the belief on the part of manufacturers and shippers that as soon as the government work is completed, the water route which Minneapolis will have to all parts of the Mississippi Valley will be of great value as a means of transportation.

ing an exhaustive study of choice of equipment, methods of operation, etc. with the view of organizing a barge line to operate between Minneapolis and down river cities. According to the best advice which the committee has been able to secure, it appears that the most practical and economical equipment is some form of steel barge having a capacity of not less than 1000 tons on a six-foot draft, either self-propelled, or moved by two boats of sufficient power to handle from three to five such barges in each tow.

What the Improvement Offers

It is claimed that investigation has demonstrated that as soon as a barge line offering reasonable rates and regular service has been established, sufficient tonnage is available both up-stream and down-stream to enable a considerable number of barges to operate at full load throughout the season of navigation. The city of Minneapolis uses great quantities of southern products and goods which come from the West Coast. It ships large quantities of flour, grain, millfeed, oil, oil cake, agricultural implements, cereals, tractors, furniture, etc. to the South and to the Eastern seaboard for export. If suitable rates and services can be provided, much of this export trade might move by way of Gulf ports, and much of the domestic traffic be redistributed from certain river cities. It is believed that coal from the Southern Illinois fields can be brought into this market by river at a very great reduction over the present rail rate.

Following the opening to commerce of the Mississippi Channel, a direct water route from the agricultural, industrial and trade centers of the Northwest to the principal ports of the world will be afforded. With the development of river traffic from Minneapolis to the Gulf of Mexico, barges loaded to capacity will move from the head of navigation to New Orleans, there transferring their cargoes to the large ocean steamers, some of which will voyage through the canal to the west coast of North and South America and others will move to the great ports of Europe and Asia. These steamers will carry the products of Minneapolis manufacturers, including a part of the enormous flour and linseed output of the Northwest, to ports throughout the world.



WHEN MINNEAPOLIS BECOMES THE HEAD OF MISSISSIPPI NAVIGATION
The proposed terminal facilities for Minneapolis

In carrying out its policy of improving the navigable waters of the country, adopted some years ago, the United States Government is now completing the construction of a dam located between Minneapolis and St. Paul five miles below the Washington Avenue bridge at Minneapolis. This project calls for a high dam which will raise the level of the water 30 feet at the location of the dam and produce a depth of $9\frac{1}{2}$ feet in the channel at the Washington Avenue bridge. The total expenditure of the government in this improvement work will exceed two million dollars. A channel 120 feet wide, which will later be widened to 240 feet, is being cut through to the high dam. It is expected to complete the work early next season before navigation opens.

How Minneapolis is to Benefit

The question now before the business

Following the investigation made by this committee, the Minneapolis City Council asked the State Legislature for an authorization of bonds for a municipal water terminal during the session of 1912-1913, and bonds to the amount of \$300,000 were authorized by act of legislature during that session. Work was then commenced on the construction of a sea-wall extending from the Washington Avenue bridge to a point 1300 feet below on the west side of the river. This wall has been completed during the past summer. Adjacent to the wall, the city has purchased land which will be sufficient to accommodate freight sheds, warehouses, trackage, and handling devices such as will be required for handling freight by modern methods.

The Committee on River Development of the Civic and Commerce Association in cooperation with the principal manufacturers and shippers is now mak-



GROUP OF DELEGATES AT THE THIRD ANNUAL MEETING OF THE PENNSYLVANIA COMMERCIAL SECRETARIES' ASSOCIATION, ALTOONA, MARCH 3 AND 4

Meeting of Pennsylvania's Commercial Secretaries

THE third annual meeting of the Pennsylvania Commercial Secretaries' Association was held in Altoona on March 3 and 4, about forty-five secretaries being in attendance. The first day's session was devoted to papers upon and discussions of civic undertakings by commercial bodies, industrial promotion and encouragement, commercial activities, agricultural development, traffic and transportation problems, and publicity, each subject being treated under its various subtitles.

Thomas C. Hare, of Altoona, advocated absolute autonomy for cities so far as legislatures are concerned and no restrictions on a city's powers to provide for its own needs other than these contained in the State constitution. Samuel Wilson, of Johnstown, held that a certain method of equalizing taxation was of prime importance, his conviction being that citizens would raise no objection to taxes if convinced that they were equally and fairly distributed. Sherard Ewing, of Reading, warned his hearers against the appointment of committeemen with a selfish interest in the subject under investigation and against the calling in of experts until committees had gone as far as they could with their investigations and had become convinced of the desirability of the project.

City planning was described by one speaker to be a question of looking ahead in the matter of a city's transportation

needs, he holding that practically everything in a city's life was intimately connected with and dependent upon transportation. This speaker, John E. Lathrop, defined transportation to be not only the delivery of freight and passengers, but also water, gas, electricity and sewage, and the movement of pedestrians as well as automobiles and other vehicles. He called attention to unfortunate conditions in traffic congestion that have arisen in many places as a result of failure to plan ahead.

Other subjects discussed were clean-up campaigns, fire prevention, pecuniary inducements to secure industries, industrial incubators, various methods of trade development, good roads, cooperative delivery and organization printed matter issued for publicity.

Objects of the Association

The views of the Association regarding its objects are set forth in the following resolution prepared by the Committee on Resolutions, and adopted by the members:

Your Committee begs to say at the outset that it is firmly of the opinion that the action of this association at its conventions should be confined solely to the professional work of secretaries and that matters requiring the concurrence of the governing boards of local chambers should not be acted upon at these meetings. In other words, we do not believe

our local associations send us here to settle matters of policy for them.

Resolved that the officers of our association be empowered and requested to negotiate with the officers of secretaries' associations in New York, Ohio and New Jersey in an endeavor to arrange for a joint meeting of the secretaries of the three states to discuss matters of mutual interest; this to be a special meeting and in no way replaces the annual meeting of this association. Your committee feels that the civic, commercial and industrial interests of the three states named above are so much in common that this meeting would be of great benefit to all.

George H. Mosser, Secretary of the Altoona Chamber of Commerce, was elected President of the Association to succeed Eugene F. Weiser, of York.

Charles M. Ketchum, of the Washington, Pa., Board of Trade, was reelected Secretary-Treasurer. The next annual meeting will be held in Wilkesbarre in June, 1917.

The Association issues a bulletin—"The Pennsylvania Secretary"—in which the organization of each city outlines the work that is being done and conducts an exchange of speakers on community subjects. It also issues warning letters of the operations of bonus seekers, unendorsed charity solicitors, "blue-sky stocks" salesmen and others who prey on various communities.

A BUSINESS SERVICE

What The National Chamber Offers To Its Members

BULLETINS

Legislative Bulletins of the National Chamber, issued weekly during the sessions of Congress, constitute the only thorough digest of current national legislation published for business men.

Business Bulletins give members prompt and accurate notice of all government activities affecting business. Announcements regarding the Federal Reserve Banks, the Income Tax, the Interstate Commerce Commission, moratoria, contraband and embargoes have the force of semi-official statements.

Federal Trade Commission Bulletins deal exclusively with the activities, investigations and decisions of the new umpire for American business.

The Nation's Business, the Chamber's official magazine, is published monthly.

INFORMATION SERVICE

A special division of information is established at the National Headquarters at Washington under direction of business and legal experts. Members are furnished direct with advice or data from official and other first-hand sources available in the Government Departments, the Library of Congress or elsewhere in Washington. Information and assistance is also furnished to members who apply personally to the National Headquarters.

MEMBERSHIP SERVICE

The Organization Service Bureau is a clearing house of information for commercial and trade organization secretaries. Data is gathered concerning best structural standards and most effective methods of organization work and filed for ready reference. By this means the plan and method of distinctive achievement of one organization is being made the property of all.

THE
CHAMBER OF COMMERCE
OF THE
UNITED STATES

It is a federation of the commercial organizations of the country; at the same time it is a league of business men. It had its inception in April, 1912, at a conference called by the President of the United States.

Its organization membership consists of more than 700 commercial and trade associations representing 275,000 firms and individuals, among which every state in the Union is represented, as well as the District of Columbia, Alaska, Porto Rico, Hawaii, the Philippines and American Chambers of Commerce in foreign countries.

Its individual membership—limited to 5,000—now consists of some 3,300 individuals, firms or corporations representing merchants, manufacturers, lawyers, bankers, engineers, railroad officials and other thoughtful business men of established position in all parts of the country.

NATIONAL HEADQUARTERS

RIGGS BUILDING

WASHINGTON, D. C.